

Financial Statements

Solo Properties (Knightsbridge) Limited

For the Year Ended 31 December 2015

Registered number: 1398153

Solo Properties (Knightsbridge) Limited

Company Information

| | |
|----------------------------|--|
| Directors | J Quaicoe L Cathan D Gaskell |
| Company secretary | GWCM Managers Limited |
| Registered number | 1398153 |
| Registered office | Trident Chambers PO Box 146 Road Town Tortola British Virgin Islands |
| Independent auditor | Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP |

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Strategic Report

For the Year Ended 31 December 2015

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.

Demand for investment properties in the Knightsbridge location is primarily from overseas investors and this has only grown stronger with general uncertainty in the world economy. When this demand is added to the very restricted supply of investment properties in Knightsbridge, prices have risen. It is not anticipated that demand will decrease in the next few years.

Occupational demand for retail units is strong and there is a steady demand for offices in this location.

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 9 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: 29 February 2016

Directors' Report

For the Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

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 loss for the year, after taxation, amounted to £1,323,182 (2014 -profit £2,130,480).

The directors have not recommended a dividend.

Directors

The directors who served during the year were:

J Quicoe
L Cathan
D Gaskell

Directors' responsibilities statement

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 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 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.

Directors' Report

For the Year Ended 31 December 2015

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 will not 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 that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that 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.

Auditors

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: 29 February 2016

Independent Auditor's Report to the Members of Solo Properties (Knightsbridge) Limited

We have audited the financial statements of Solo Properties (Knightsbridge) Limited for the year ended 31 December 2015, 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. The financial reporting framework that has been applied in their preparation is applicable law and 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).

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.

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.

Respective responsibilities of directors and auditor

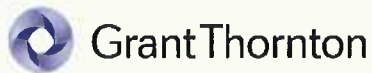
As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 Directors' report to identify material inconsistencies with the audited financial statements. 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 2015 and of its loss for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice.



Independent Auditor's Report to the Members of Solo Properties (Knightsbridge) Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion:

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006
- 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

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

Grant Thornton UK LLP

Grant Thornton UK LLP

London

29 February 2016

Statement of Comprehensive Income

For the Year Ended 31 December 2015

| | Note | 2015 £ | 2014 £ |
|---|------|--------------------|------------------|
| Turnover | 2 | 2,165,953 | 2,372,046 |
| Cost of sales | | (337,658) | (379,072) |
| Gross profit | | 1,828,295 | 1,992,974 |
| Administrative expenses | | (168,964) | (107,872) |
| Operating profit | | 1,659,331 | 1,885,102 |
| Net revaluation (loss)/gain | | (260,130) | 2,966,874 |
| Interest receivable and similar income | 5 | 2,450 | 3,796 |
| Interest payable and similar charges | 6 | (2,724,833) | (2,725,292) |
| (Loss)/profit on ordinary activities before taxation | | (1,323,182) | 2,130,480 |
| Taxation on loss on ordinary activities | 7 | - | - |
| (Loss)/profit for the financial year | | (1,323,182) | 2,130,480 |
| Total comprehensive income for the year | | (1,323,182) | 2,130,480 |

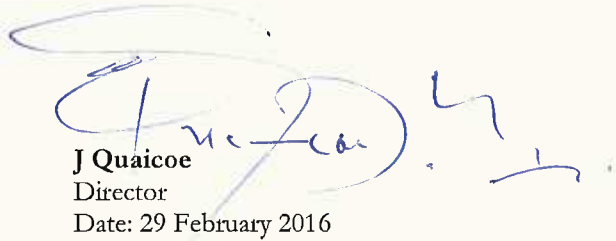
There were no recognised gains and losses for 2015 or 2014 other than those included in the income statement.

Statement of Financial Position

As at 31 December 2015

| | Note | 2015 £ | 2014 £ |
|---|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Investment property | 9 | 70,900,000 | 70,500,000 |
| | | <u>70,900,000</u> | <u>70,500,000</u> |
| Current assets | | | |
| Debtors: Amounts falling due within one year | 10 | 401,264 | 495,808 |
| Cash at bank and in hand | | 1,165,416 | 1,294,321 |
| | | <u>1,566,680</u> | <u>1,790,129</u> |
| Creditors: Amounts falling due within one year | 11 | (21,787,475) | (20,287,742) |
| | | <u>(20,220,795)</u> | <u>(18,497,613)</u> |
| Net current liabilities | | <u>50,679,205</u> | <u>52,002,387</u> |
| Total assets less current liabilities | | <u>17,679,205</u> | <u>19,002,387</u> |
| Creditors: Amounts falling due after more than one year | 12 | (33,000,000) | (33,000,000) |
| | | <u>17,679,205</u> | <u>19,002,387</u> |
| Net assets | | <u><u>17,679,205</u></u> | <u><u>19,002,387</u></u> |
| Capital and reserves | | | |
| Called up share capital | 14 | 115 | 115 |
| Share premium account | | 9,999,935 | 9,999,935 |
| Profit and loss account | | 7,679,155 | 9,002,337 |
| | | <u>17,679,205</u> | <u>19,002,387</u> |

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


J Quaicoe

Director

Date: 29 February 2016

The notes on pages 10 to 18 form part of these financial statements.

Statement of Changes in Equity

As at 31 December 2015

| | Share capital £ | Share premium £ | Retained earnings £ | Total equity £ |
|--|--------------------|-----------------------|---------------------------|-------------------|
| At 1 January 2015 | 115 | 9,999,935 | 9,002,337 | 19,002,387 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (1,323,182) | (1,323,182) |
| Total comprehensive income for the year | - | - | (1,323,182) | (1,323,182) |
| At 31 December 2015 | 115 | 9,999,935 | 7,679,155 | 17,679,205 |

Statement of Changes in Equity

As at 31 December 2014

| | Share capital £ | Share premium £ | Revaluation reserve £ | Retained earnings £ | Total equity £ |
|---|--------------------|-----------------------|-----------------------------|---------------------------|-------------------|
| At 1 January 2014 | 115 | 9,999,935 | 9,563,430 | (2,691,573) | 16,871,907 |
| Profit for the year | - | - | - | 2,130,480 | 2,130,480 |
| Transfer from revaluation reserve | - | - | (9,563,430) | - | (9,563,430) |
| Transfer to profit and loss account | - | - | - | 9,563,430 | 9,563,430 |
| Total contributions by and distributions to owners | - | - | - | 9,563,430 | 9,563,430 |
| At 31 December 2014 | 115 | 9,999,935 | - | 9,002,337 | 19,002,387 |

Solo Properties (Knightsbridge) Limited

Statement of Cash Flows

For the Year Ended 31 December 2015

| | 2015 £ | 2014 £ |
|---|------------------|--------------------|
| Cash flows from operating activities | | |
| (Loss)/profit for the financial year | (1,323,182) | 2,130,480 |
| Adjustments for: | | |
| Interest charge | 2,729,760 | 2,725,291 |
| Interest income | (2,450) | (3,796) |
| Decrease in debtors | 94,398 | 252,588 |
| (Decrease)/increase in creditors | (209,772) | (328,805) |
| Net revaluation (loss)/gain recognised in the Statement of comprehensive income | 260,130 | (2,966,874) |
| | <u>1,548,884</u> | <u>1,808,884</u> |
| Net cash generated from operating activities | | |
| Cash flows from investing activities | | |
| Additions to investment properties | (695,479) | (298,132) |
| Interest income | 2,450 | 3,796 |
| | <u>(693,029)</u> | <u>(294,336)</u> |
| Net cash used in investing activities | | |
| Cash flows from financing activities | | |
| Financing | 1,745,000 | 1,609,000 |
| Interest paid | (2,729,760) | (2,725,291) |
| | <u>(984,760)</u> | <u>(1,116,291)</u> |
| Net cash used in financing activities | | |
| Net (decrease) / (increase) in cash and cash equivalents | (128,905) | 398,257 |
| Cash and cash equivalents at beginning of year | 1,294,321 | 896,064 |
| | <u>1,165,416</u> | <u>1,294,321</u> |
| Cash and cash equivalents at the end of year | | |
| Cash at bank and in hand | 1,165,416 | 1,294,321 |
| | <u>1,165,416</u> | <u>1,294,321</u> |

The notes on pages 10 to 18 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2015

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.

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 The 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 will not 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 the lease term.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1. Accounting policies (continued)

1.4 Investment properties

Investment properties are included in the Balance sheet 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 Balance sheet date. Fair values are determined from market based evidence undertaken by professionally qualified valuers. Any movements in fair value are recorded in the Statement of comprehensive income.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2015

2. Turnover

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

| | 2015 | 2014 |
|---|------------------|------------------|
| | £ | £ |
| Rentals receivable under operating leases | 2,086,374 | 2,241,294 |
| Service charge income | 56,824 | 107,285 |
| Insurance income | 22,440 | 23,467 |
| Other income | 315 | - |
| | <u>2,165,953</u> | <u>2,372,046</u> |

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

| | 2015 | 2014 |
|--|---------------|---------------|
| | £ | £ |
| Auditor's remuneration - audit | 11,750 | 8,925 |
| Auditor's remuneration - taxation compliance and advisory services | 3,500 | 3,475 |
| | <u>15,250</u> | <u>12,400</u> |

During the year, no director received any emoluments (2014 -£NIL).

4. Employees

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

| | 2015 | 2014 |
|--------------------|----------|----------|
| | No. | No. |
| Director | 2 | 2 |
| Corporate director | 1 | 1 |
| | <u>3</u> | <u>3</u> |



Director
Corporate director

Notes to the Financial Statements

For the Year Ended 31 December 2015

5. Interest receivable

| | 2015 | 2014 |
|---------------------------|--------------|--------------|
| | £ | £ |
| Other interest receivable | 2,450 | 3,796 |
| | <u>2,450</u> | <u>3,796</u> |

6. Interest payable and similar charges

| | 2015 | 2014 |
|--------------------------------|------------------|------------------|
| | £ | £ |
| Interest on loan notes | 2,722,500 | 2,722,501 |
| Loan note administration costs | 2,333 | 2,791 |
| | <u>2,724,833</u> | <u>2,725,292</u> |

7. Taxation**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2014 -higher than) the standard rate of corporation tax in the UK of 20% (2014 - 20%). The differences are explained below:

| | 2015 | 2014 |
|--|--------------------|------------------|
| | £ | £ |
| (Loss)/profit on ordinary activities before tax | <u>(1,323,182)</u> | <u>2,130,479</u> |
| (Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 -20%) | (264,636) | 426,096 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 56,828 | 715 |
| Non taxable income | (488) | (2,757) |
| Unrelieved tax losses carried forward | 156,270 | 169,321 |
| Revaluation movements | 52,026 | (593,375) |
| Total tax charge for the year | <u>-</u> | <u>-</u> |

8. Deferred tax asset

As at 31 December 2015, the company had unrecognised deferred tax assets totalling £716,908 (2014: £508,615). These comprised of tax losses carried forward of £3,584,541 (2014: £2,543,074).

Notes to the Financial Statements

For the Year Ended 31 December 2015

9. Investment property

| | Freehold investment property £ |
|----------------------------|---|
| Valuation | |
| At 1 January 2015 | 70,500,000 |
| Additions at cost | 660,131 |
| Deficit on revaluation | (260,131) |
| At 31 December 2015 | 70,900,000 |

The investment property was valued by CBRE (external valuer) at £70,900,000 as at 31 December 2015. 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 market value.

10. Debtors

| | 2015 £ | 2014 £ |
|----------------------------------|----------------|----------------|
| Due within one year | | |
| Trade debtors | - | 63,397 |
| Other debtors | 56,021 | 270,586 |
| Called up share capital not paid | 50 | 50 |
| Prepayments and accrued income | 345,193 | 161,775 |
| | 401,264 | 495,808 |

Notes to the Financial Statements

For the Year Ended 31 December 2015

11. Creditors: Amounts falling due within one year

| | 2015 £ | 2014 £ |
|------------------------------|-------------------|-------------------|
| Other loans (see note 14) | 20,433,349 | 18,688,349 |
| Trade creditors | 90,320 | 59,768 |
| Taxation and social security | 69,109 | 54,890 |
| Other creditors | - | 223,426 |
| Accruals and deferred income | 1,194,697 | 1,261,309 |
| | <u>21,787,475</u> | <u>20,287,742</u> |

12. Creditors: Amounts falling due after more than one year

| | 2015 £ | 2014 £ |
|--------------------------|-------------------|-------------------|
| Loan notes (see note 14) | <u>33,000,000</u> | <u>33,000,000</u> |

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

| | 2015 £ | 2014 £ |
|-------------------------------------|-------------------|-------------------|
| 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.

13. Reserves

Profit & loss account

The Profit and loss account balance of £7,679,155 (2014: £9,002,336) includes non-distributable reserves of £12,270,173 (2014: £12,530,303).

14. Share capital

| | 2015 £ | 2014 £ |
|---|------------|------------|
| Allotted, called up and fully paid | | |
| 200 (2014 -200) Ordinary shares of \$1 each | <u>115</u> | <u>115</u> |

Notes to the Financial Statements

For the Year Ended 31 December 2015

15. Related party transactions

The company has in issue £33,000,000 of Loan Notes repayable in 2040 (2014: £33,000,000). These loan notes, which are listed on the Bermudan Stock Exchange are held by Sonangol (HK) Limited, the intermediate parent company. Interest of £2,772,500 (2014: £2,722,500) was charged on these loan notes during the year of which £454,993 (2014: £454,993) remained unpaid at the year end.

The company had in issue an interest free loan of £15,246,498 (2014: £15,526,498) from Sonangol (HK) Limited, the intermediate parent company. The interest free loans are repayable upon demand.

A further amount of £1,280,851 (2014: £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 upon demand.

The company has an interest free loan of £3,906,000 (2014: £2,161,000) from Sonagol (HK) Limited. The interest free loan is repayable upon 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 £184,442 (2014: £145,545), insurance income of £2,721 (2014: £2,053) and service charge income of £34,484 (2014: £29,182) relating to this lease.

During the year, the company was charged fees of £3,415 (2014: £2,853) by Mr J Quaicoe, a director of the company, of which £nil (2014: £nil) was outstanding at year end.

During the period the company was charged legal and professional fees of £32,590 (2014: £34,545) by Geneva Wealth Capital Management, a company in the same group as the Company Secretary, GWCM Managers Limited, of which £nil (2014: £nil) was outstanding at year end.

During the year, the company was charged fees of £4,760 (2014: £3,467) by Mr D Gaskell, a director of the company, of which £nil (2014: £nil) was outstanding at year end.

16. Contingencies and capital commitments

The directors have confirmed that there was a capital commitment of £499,941 (2014: £299,834) which should be disclosed at 31 December 2015, relating to the refurbishment of the reception area and the 2nd and 4th floor offices at Brompton Road. The directors have confirmed there were no contingencies which should be disclosed at 31 December 2015 and that there were no contingencies or capital commitments which should have been disclosed at 31 December 2014.

17. 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.

Notes to the Financial Statements

For the Year Ended 31 December 2015

18. First time adoption of FRS 102

The company has adopted FRS 102 for the year ended 2015 and has restated the comparative prior year amounts.

| | As previously stated 1 January 2014 | Effect of transition 1 January 2014 | FRS 102 (as restated) 1 January 2014 | As previously stated 31 December 2014 | Effect of transition 31 December 2014 | FRS 102 (as restated) 31 December 2014 |
|---|---|--|---|--|--|---|
| Note | £ | £ | £ | £ | £ | £ |
| Fixed assets | 67,200,000 | - | 67,200,000 | 70,500,000 | - | 70,500,000 |
| Current assets | 1,644,348 | - | 1,644,348 | 1,790,129 | - | 1,790,129 |
| Creditors: amounts falling due within one year | (18,972,439) | - | (18,972,439) | (20,287,742) | - | (20,287,742) |
| Net current liabilities | (17,328,091) | - | (17,328,091) | (18,497,613) | - | (18,497,613) |
| Total assets less current liabilities | 49,871,909 | - | 49,871,909 | 52,002,387 | - | 52,002,387 |
| Creditors: amounts falling due after more than one year | (33,000,000) | - | (33,000,000) | (33,000,000) | - | (33,000,000) |
| Net assets | 16,871,909 | - | 16,871,909 | 19,002,387 | - | 19,002,387 |
| Capital and reserves | 16,871,909 | - | 16,871,909 | 19,002,387 | - | 19,002,387 |

Notes to the Financial Statements

For the Year Ended 31 December 2015

18. First time adoption of FRS 102 (continued)

| | As previously stated 31 December 2014 | Effect of transition 31 December 2014 | FRS 102 (as restated) 31 December 2014 |
|---|--|--|---|
| Note | £ | £ | £ |
| Turnover | 2,372,046 | - | 2,372,046 |
| Cost of sales | (379,072) | - | (379,072) |
| | 1,992,974 | - | 1,992,974 |
| Administrative expenses | (107,872) | - | (107,872) |
| Operating profit | 1,885,102 | - | 1,885,102 |
| Net revaluation gain | - | 2,966,874 | 2,966,874 |
| Interest receivable and similar income | 3,796 | - | 3,796 |
| Interest payable and similar charges | (2,725,293) | - | (2,725,293) |
| (Loss)/profit on ordinary activities after taxation and for the financial year | (836,395) | 2,966,874 | 2,130,479 |

Explanation of changes due to FRS 102 transition:

- 1 The investment property is to be measured at fair value at each period end, with any movement recorded in the Statement of comprehensive income

Solo Properties (Knightsbridge) Limited

Detailed profit and loss account

For the Year Ended 31 December 2015

Enter Text here - user input

| | 2015 | 2014 |
|---|--------------------|------------------|
| | £ | £ |
| Turnover | 2,165,953 | 2,372,046 |
| Cost of sales | (337,658) | (379,073) |
| Gross profit | <u>1,828,295</u> | <u>1,992,973</u> |
| Less: overheads | | |
| Administration expenses | (168,964) | (107,872) |
| Operating profit | <u>1,659,331</u> | <u>1,885,101</u> |
| Share of operating profit of joint ventures | - | - |
| Interest receivable | 2,450 | 3,796 |
| Interest payable | (2,724,833) | (2,725,291) |
| Net revaluation (loss)/gain | (260,130) | 2,966,874 |
| (Loss)/Profit for the year | <u>(1,323,182)</u> | <u>2,130,480</u> |

Schedule to the Detailed Accounts

For the Year Ended 31 December 2015

Turnover

| | 2015 | 2014 |
|-----------------------|------------------|------------------|
| | £ | £ |
| Rental income | 2,086,374 | 2,241,294 |
| Service charge income | 56,824 | 107,285 |
| Insurance income | 22,440 | 23,467 |
| Interest on late rent | 315 | - |
| | <u>2,165,953</u> | <u>2,372,046</u> |

Cost of sales

| | 2015 | 2014 |
|---------------------------------|----------------|----------------|
| | £ | £ |
| Cost of sales | | |
| Insurance | 30,100 | 27,759 |
| Service charge expenditure | 135,058 | 201,725 |
| Reverse premium | 23,788 | 3,390 |
| Non-recoverable business rates | 11,552 | 58,294 |
| Rent reviews, letting fees etc. | 82,785 | 11,365 |
| Advertising and marketing | - | 10,116 |
| Asset management fees | 54,375 | 66,424 |
| | <u>337,658</u> | <u>379,073</u> |

Administration expenses

| | 2015 | 2014 |
|---|----------------|----------------|
| | £ | £ |
| Administration expenses | | |
| Directors national insurance | - | - |
| Legal and professional (other) | 96,914 | 38,411 |
| Auditors' remuneration | 11,750 | 8,925 |
| Tax advice | 3,500 | 3,475 |
| Accountancy fees | 10,381 | 11,350 |
| Bank Charges | 4,928 | 4,440 |
| Legal and professional (offshore running costs) | 41,491 | 41,271 |
| | <u>168,964</u> | <u>107,872</u> |

Schedule to the Detailed Accounts

For the Year Ended 31 December 2015

Interest receivable

| | 2015 £ | 2014 £ |
|----------------------------|--------------|--------------|
| Interest receivable | | |
| Bank interest receivable | 2,450 | 3,796 |
| | <u>2,450</u> | <u>3,796</u> |

Interest payable

| | 2015 £ | 2014 £ |
|----------------------------------|------------------|------------------|
| Interest payable | | |
| Interest on unsecured loan notes | 2,722,500 | 2,722,500 |
| Loan note administration costs | 2,333 | 2,791 |
| | <u>2,724,833</u> | <u>2,725,291</u> |