

ORCHARD STREET INVESTMENT ADVISERS LIMITED

Company number: 05642883

Report and Financial Statements

Year ended 30 September 2019



ORCHARD STREET INVESTMENT ADVISERS LIMITED

Report and financial statements for the year ended 30 September 2019

Contents

Page:

1	Strategic report and Directors' report
4	Independent auditor's report to the directors
6	Statement of comprehensive income
7	Statement of changes in equity
8	Statement of financial position
9	Statement of cashflows
10	Notes forming part of the financial statements

Registered office

16 New Burlington Place
London W1S 2HX

Directors

P J Gadsden
G J Felce (resigned 12 April 2019)
D R Lee

Company Secretary

D R Lee

Company number

05642883

Auditors

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

ORCHARD STREET INVESTMENT ADVISERS LIMITED

Strategic report and Directors' report for the year ended 30 September 2019

The directors present their Strategic report, Directors' report and the audited financial statements of Orchard Street Investment Advisers Limited ("the company") for the year ended 30 September 2019.

Strategic report

Business review

Details of the results for the year are shown in the statement of comprehensive income and the related notes. The directors do not recommend the payment of a final dividend. An interim dividend totalling £50,000 (2018: £50,000) was paid during the year.

Turnover for 2019 increased, by 3.7%, from £132,780 to £137,744. Turnover is derived principally from activities undertaken on behalf of the immediate parent, Orchard Street Investment Management LLP. Profits after tax for the year increased from £48,494 to £51,570.

Key performance indicators align themselves to regulatory requirements for the monitoring and maintenance of capital resources and the sensitivity of capital resources under stress testing. These KPIs satisfy the board that their requirement to maintain capital resources beyond that required for regulatory purposes and, under stress, that such resources will be maintained for at least 12 months.

The firm's solvency ratio at 30 September 2019 was 370.45% (2018: 375.00%), and at each of 30 September 2019 and 30 September 2018 stress testing of capital resources produced a result ahead of the 12 month benchmark.

Principal risks and uncertainties

The main financial risks arising from the company's activities are credit risk and liquidity risk. These are monitored by the directors and were not considered significant at the balance sheet date.

The company's policy in respect of credit risk is to undertake appropriate checks on potential clients, including clients of the immediate parent, prior to engagement and to agree payment terms for settlement of invoiced fees.

The company's policy in respect of liquidity risk is to maintain sufficient readily accessible cash deposits to ensure the company has sufficient funds for operation.

Future developments

The company's turnover and profit are not particularly sensitive to changes in the underlying market value of assets under management. The directors believe therefore that turnover and profitability will remain at current levels during the next year.

By order of the board



P J Gadsden

Director

Date: 19 December 2019

ORCHARD STREET INVESTMENT ADVISERS LIMITED

Strategic report and Directors' report for the year ended 30 September 2019 (Continued)

Directors' report

The principal activity of the company is that of real estate investment management. The company is authorised and regulated by the Financial Conduct Authority. Details of the company's unaudited Pillar 3 disclosures, required under Chapter 11 of the Financial Conduct Authority's Prudential Sourcebook for Banks, Building Societies and Investment Firms ("BIPRU"), are available from the registered office.

Major shareholding

As set out in note 9 the company's immediate parent undertaking is Orchard Street Investment Management LLP. A majority interest in Orchard Street Investment Management LLP is owned by Nalinvest UK RE Limited, which is a subsidiary of National Australia Bank Limited, a company incorporated in the State of Victoria, Australia.

Directors and directors' interests

The directors who served during the year were:

D R Lee
P J Gadsden

None of the directors had any interest in the share capital of the company during the year.

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 and the Companies Act 2006.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ORCHARD STREET INVESTMENT ADVISERS LIMITED

Strategic report and Directors' report for the year ended 30 September 2019 (Continued)

Directors' report (continued)

Auditors

Ernst & Young LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

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.

By order of the board



P J Gadsden
Director

Date: 19 December 2019

ORCHARD STREET INVESTMENT ADVISERS LIMITED

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF ORCHARD STREET INVESTMENT ADVISERS LIMITED

Opinion

We have audited the financial statements of Orchard Street Investment Advisers Limited for the year ended 30 September 2019 which comprise the Statement of comprehensive income, Statement of changes in equity, Statement of financial position, Statement of cash flows and the related notes 1 to 11, 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

ORCHARD STREET INVESTMENT ADVISERS LIMITED

Independent auditor's report

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Matthew Price (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 20 December 2019

ORCHARD STREET INVESTMENT ADVISERS LIMITED

Statement of comprehensive income for the year ended 30 September 2019

	Note	2019	2018
		£	£
Turnover			
Fee income	2	137,744	132,780
Administrative expenses		(74,805)	(73,445)
		<hr/>	<hr/>
Operating profit	3	62,939	59,335
Interest receivable		698	373
		<hr/>	<hr/>
Profit on ordinary activities before taxation		63,637	59,708
Taxation on profit on ordinary activities	4	(12,067)	(11,214)
		<hr/>	<hr/>
Profit for the financial year		<u>51,570</u>	<u>48,494</u>

All amounts relate to continuing activities.

The notes on pages 10 to 12 form part of these financial statements.

ORCHARD STREET INVESTMENT ADVISERS LIMITED

Statement of changes in equity at 30 September 2019

	Called-up capital £	Profit and loss account £	Total equity £
At 1 October 2017	50,000	164,629	214,629
Total comprehensive income for the period	-	48,494	48,494
Equity dividends paid	-	(50,000)	(50,000)
	<hr/>	<hr/>	<hr/>
At 30 September 2018	50,000	163,123	213,123
Total comprehensive income for the year	-	51,570	51,570
Equity dividends paid	-	(50,000)	(50,000)
	<hr/>	<hr/>	<hr/>
At 30 September 2019	50,000	164,693	214,693

The notes on pages 10 to 12 form part of these financial statements.


ORCHARD STREET INVESTMENT ADVISERS LIMITED

Statement of financial position at 30 September 2019

Company Number: 05642883

	Note	2019		2018	
		£	£	£	£
Current assets					
Debtors	6	3,783		2,559	
Cash at bank and in hand		<u>238,096</u>		<u>238,948</u>	
		241,879		241,507	
Creditors: amounts falling due within one year	7	<u>(27,186)</u>		<u>(28,384)</u>	
Net current assets			214,693		213,123
Total assets less current liabilities			<u>214,693</u>		<u>213,123</u>
Capital and reserves					
Called up share capital	8		50,000		50,000
Profit and loss reserve			164,693		163,123
Total shareholders' interests			<u>214,693</u>		<u>213,123</u>

The financial statements were approved and authorised for issue by the directors on 19 December 2019.


P J Gadsden
Director

The notes on pages 10 to 12 form part of these financial statements.

ORCHARD STREET INVESTMENT ADVISERS LIMITED**Statement of cashflows for the year ended 30 September 2019**

	2019		2018	
	£	£	£	£
Cash flows from operating activities				
Profit for the financial year after interest and tax	51,570		48,494	
Adjustments for:				
Interest received	(698)		(373)	
Taxation	12,067		11,214	
(Increase) in debtors	(394)		(125)	
(Decrease)/increase in creditors	<u>(2,475)</u>		<u>2,430</u>	
Cash from operations	60,070		56,780	
Income taxes paid	<u>(11,620)</u>		<u>(7,690)</u>	
Net cash generated from operating activities		48,450		49,090
Cash flows from financing activities				
Interest received	698		373	
Dividends paid	<u>(50,000)</u>		<u>(50,000)</u>	
Net cash used in financing activities		(49,302)		(49,627)
Net (decrease) in cash and cash equivalents		<u>(852)</u>		<u>(537)</u>
Cash and cash equivalents at the beginning of the year		238,948		239,485
Cash and cash equivalents at the end of the year		<u>238,096</u>		<u>238,948</u>

The notes on pages 10 to 12 form part of these financial statements.

ORCHARD STREET INVESTMENT ADVISERS LIMITED

Notes forming part of the financial statements for the period ended 30 September 2019

1 Accounting policies

a) Accounting convention

Orchard Street Investment Advisers Limited is a limited liability company incorporated in England. The Registered Office is 16 New Burlington Place, London, W1S 2HX.

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

The financial statements are presented in sterling (£).

b) Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There were no such material judgements (apart from those involving estimates) which have a significant effect on amounts recognised in the financial statements.

c) Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes.

d) Trade receivables

Short term debtors are measured at transaction price, less any impairment. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

e) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdraft.

f) Expenses

Expenses incurred have been recognised on an accruals basis.

g) Trade payables

Short term creditors are measured at transaction price.

h) Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using tax rates and laws that have been enacted or substantively enacted by the reporting date.

i) Deferred Taxation

Deferred taxation balances are recognised in respect of all timing differences that have originated but not reversed at the balance sheet date except that:

- Deferred taxation is not recognised on timing differences arising on revalued investments unless the company has entered into a binding sale agreement;
- The recognition of deferred taxation assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of any underlying timing differences.

Deferred taxation balances are not discounted.

ORCHARD STREET INVESTMENT ADVISERS LIMITED

Notes forming part of the financial statements for the year ended 30 September 2019 (Continued)

1 Accounting policies (continued)

j) Equity dividends

Equity dividends are recognised when they become legally payable.

2 Turnover

The total turnover of the company for the year has been derived from its principle activity undertaken in the United Kingdom.

3 Operating profit

2019

2018

£

£

This has been arrived at after charging:

Amounts payable to auditors

- audit services

6,613

6,089

- taxation services

4,149

3,831

The company had no employees, other than directors, during the period. The directors did not receive any remuneration, in respect of services to the company, during the period. The directors are partners in the immediate parent undertaking (see note 9) and participate in the profits of the group.

4 Taxation on profit on ordinary activities

2019

2018

£

£

UK Corporation tax:

Current tax on profits of the year

12,091

11,344

Adjustment in respect of prior year

(24)

(130)

12,067

11,214

The current tax charge represents taxation due on the profit on ordinary activities of £63,297 (2018: £59,708) at the corporation tax rate of 19.0% (2018: 19.0%).

5 Dividends

2019

2018

£

£

Ordinary shares

Interim dividend paid of £1.00 (2018: £1.00) per share

50,000

50,000

6 Debtors

2019

2018

£

£

Amounts falling due for payment within one year:

Prepayments and accrued income

3,783

2,559

3,783

2,559

ORCHARD STREET INVESTMENT ADVISERS LIMITED

Notes forming part of the financial statements for the year ended 30 September 2019 (Continued)

7	Creditors: amounts falling due within one year	2019	2018
		£	£
	Due to immediate parent entity	5,093	6,500
	Corporation tax	6,091	5,644
	Accruals	16,002	16,240
		<u>27,186</u>	<u>28,384</u>
8	Share capital	2019	2018
		£	£
	Allotted, called up and fully paid		
	50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

9 Ultimate holding company

The company's immediate parent undertaking is Orchard Street Investment Management LLP, a limited liability partnership incorporated in England & Wales, which owns the entire share capital of the company.

A majority interest in Orchard Street Investment Management LLP is owned by NabInvest UK RE Limited, a company registered in England and Wales, which is a subsidiary of National Australia Bank Limited, a company incorporated in the State of Victoria, Australia. The directors regard National Australia Bank Limited as the ultimate parent undertaking and the largest group into which its results are consolidated.

The consolidated accounts are available from National Australia Bank's website (www.nab.com.au).

10 Related parties

During the year, the company transacted with its immediate parent undertaking, Orchard Street Investment Management LLP. Fee income for the year was £135,744 (2018: £130,780) and management fee expense £58,000 (2018: £58,000). At the year end £5,093 (2018: £6,500) was owing to Orchard Street Investment Management LLP.

11 Events after the Balance Sheet date

There have been no events since the Balance Sheet date for the company to disclose.

ORCHARD STREET INVESTMENT ADVISERS LIMITED

Independent auditor's report

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Matthew Price (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Date: 20 December 2019

ORCHARD STREET INVESTMENT ADVISERS LIMITED

Statement of comprehensive income for the year ended 30 September 2019

	Note	2019	2018
		£	£
Turnover			
Fee income	2	137,744	132,780
Administrative expenses		(74,805)	(73,445)
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Operating profit	3	62,939	59,335
Interest receivable		698	373
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Profit on ordinary activities before taxation		63,637	59,708
Taxation on profit on ordinary activities	4	(12,067)	(11,214)
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Profit for the financial year		<u>51,570</u>	<u>48,494</u>

All amounts relate to continuing activities.

The notes on pages 10 to 12 form part of these financial statements.