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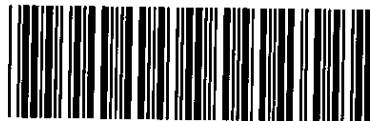
# 1 Phillimore Terrace Limited

Report and Financial Statements

Year Ended

31 March 2016

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# 1 Phillimore Terrace Limited

## Company Information

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<b>Directors</b>	CPCCD Limited (appointed 7 April 2015) CPC Group limited (resigned 7 April 2015) C G Whitehouse (appointed 1 April 2015) J G Wilson (appointed 1 April 2015) R P Share (appointed 1 April 2015) B G A David (appointed 10 August 2016)
<b>Company secretary</b>	Cosign Limited
<b>Registered number</b>	59937
<b>Registered office</b>	P O Box 119 Martello Court Admiral Park St Peter Port Guernsey GY1 3HB
<b>Independent auditors</b>	BDO Limited PO Box 180 Place du Pre Rue du Pre St Peter Port Guernsey GY1 3LL

# 1 Phillimore Terrace Limited

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# 1 Phillimore Terrace Limited

## Directors' Report For the Year Ended 31 March 2016

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The directors present their report and the financial statements for the year ended 31 March 2016.

### Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and generally accepted accounting practice.

Company law applicable to companies in Guernsey requires the directors to prepare financial statements for each financial year 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 for the company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 (Guernsey) Law, 2008. 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.

### Principal activity

The principal activity of the company is that of property trading and development.

### Dividends paid

There were no dividends paid in the year under review (2015 - £nil).

### Results

The Statement of Income and Retained Earnings for the year is set out on page 4.

### Directors

The directors who served during the year and to date were:

CPCCD Limited (appointed 7 April 2015)  
CPC Group limited (resigned 7 April 2015)  
C G Whitehouse (appointed 1 April 2015)  
J G Wilson (appointed 1 April 2015)  
R P Share (appointed 1 April 2015)  
B G A David (appointed 10 August 2016)

# 1 Phillimore Terrace Limited

## Directors' Report (continued) For the Year Ended 31 March 2016

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### Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

### Independent auditor

BDO Limited were appointed as auditor to the company and have expressed their willing to continue in office.

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



**CPCCD Limited**  
Director

Date: 30 SEPTEMBER 2016

# 1 Phillimore Terrace Limited

## Independent Auditors' Report to the Members of 1 Phillimore Terrace Limited

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We have audited the financial statements of 1 Phillimore Terrace Limited for the year ended 31 March 2016 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes 1 to 12. 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).

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work is 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 the directors and auditor

As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, 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 Financial Reporting Council'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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

### Opinion on the 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 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

# 1 Phillimore Terrace Limited

## Independent Auditor's report to the members of 1 Phillimore Terrace Limited

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

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

*BDO LIMITED*

BDO Limited

Chartered Accountants

Place du Pré

Rue du Pré

St Peter Port

Guernsey

Date: *3 October 2016*

# 1 Phillimore Terrace Limited

## Statement of Income and Retained Earnings For the Year Ended 31 March 2016

	Note	Year ended 31 March 2016 £	Period 27 February 2015 to 31 March 2015 £
Administrative expenses		(78,028)	-
Impairment of development property		(1,097,400)	-
<b>Operating loss</b>	4	(1,175,428)	-
Interest payable	5	(20,627)	-
<b>Loss before tax</b>		(1,196,055)	-
Tax on loss	6	-	-
<b>Loss after tax</b>		(1,196,055)	-
Loss for the year		(1,196,055)	-
<b>Accumulated deficit at the end of the year</b>		(1,196,055)	-

There were no recognised gains or losses for 2016 or 2015 other than those included above.

All amounts relate to continuing operations.

The notes on pages 7 to 11 form part of these financial statements.



# 1 Phillimore Terrace Limited

## Statement of Financial Position As at 31 March 2016

	Note	2016 £	2015 £
<b>Current assets</b>			
Development property	7	11,641,091	10,001,985
Debtors		-	2
		<u>11,641,091</u>	<u>10,001,987</u>
Creditors: amounts falling due within one year	8	(2,837,144)	(1,260)
<b>Net current assets</b>		<u>8,803,947</u>	<u>10,000,727</u>
Creditors: amounts falling due after more than one year	9	-	(725)
<b>Net assets</b>		<u><u>8,803,947</u></u>	<u><u>10,000,002</u></u>
<b>Capital and reserves</b>			
Called up share capital	10	10,000,002	10,000,002
Profit and loss account		(1,196,055)	-
		<u>8,803,947</u>	<u>10,000,002</u>

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



.....  
CPCCD Limited  
Director

Date: 30 SEPTEMBER 2016

The notes on pages 7 to 11 form part of these financial statements.

# 1 Phillimore Terrace Limited

## Notes to the Financial Statements For the Year Ended 31 March 2016

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### 1. General Information

1 Phillimore Terrace Limited is a company registered in Guernsey under the Companies (Guernsey) Law, 2008. The address of the registered office is given on the Company Information page and its principal activity is property trading and development.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102') and the Companies (Guernsey) Law 2008.

These financial statements have been prepared in accordance with FRS 102 adopting section 1A Small Entities. FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015. Section 1A of FRS 102 is applicable for accounting periods beginning on or after 1 January 2016 but may be applied early to accounting periods beginning on or after 1 January 2015. The company's members have taken the option to apply the standard early in the preparation of these financial statements.

The comparatives are for the period 27 February 2015 to 31 March 2015.

The policies applied under the company's previous accounting framework (UK GAAP) are not materially different to FRS 102 and have not impacted on equity or profit or loss. The date of transition to FRS 102 is 27 February 2015.

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 as detailed in note 3.

The following principal accounting policies have been applied:

#### 2.2 Development property

Development property consists of property that is in the process of being developed or is available for sale. Development property is included at the lower of cost and the directors' estimate of its net realisable value. Net realisable value is determined as the estimated selling price less additional costs to completion and disposal.

Cost of development includes professional fees and for qualifying assets borrowing costs capitalised in accordance with the company's accounting policy described below.

#### 2.3 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities including trade and other accounts receivable and payable and loans from related parties.

# 1 Phillimore Terrace Limited

## Notes to the Financial Statements For the Year Ended 31 March 2016

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### 2. Accounting policies (continued)

#### 2.4 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

#### 2.5 Finance costs

Finance costs directly attributable to the acquisition and development of property are capitalised as part of the cost of the asset until such time as the property is substantially ready for sale. Otherwise finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.6 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

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

#### *Development property*

The directors perform regular reviews of the company's development property for indications of impairment. The key judgements in these reviews were estimating the realisable value of the property, which is determined by forecast sales rates, expected sales prices and estimated costs to complete based on advice received by the directors. If the UK housing market were to change beyond management expectations in the future, in particular with regards to the assumptions around sales prices and estimated costs to complete, adjustments to the carrying value of development property may be required.

### 4. Operating loss

During the year, no director received any emoluments (2015 - £nil).

# 1 Phillimore Terrace Limited

## Notes to the Financial Statements For the Year Ended 31 March 2016

### 5. Interest payable

	31 March 2016 £	Period 27 February 2015 to 31 March 2015 £
On amount due to parent company	<u>20,627</u>	<u>-</u>

### 6. Taxation

On 1 April 2015 the directors approved the transfer of the management and control of the company from Guernsey to England. As a result the company is resident for tax purposes in the United Kingdom and is subject to corporation tax at the enacted rates with effect from 1 April 2015.

	31 March 2016 £	Period 27 February 2015 to 31 March 2015 £
Current tax on loss for the year/period	<u>-</u>	<u>-</u>

#### Factors affecting tax charge for the year/period

The tax assessed for the year is different to the standard rate of corporation tax of 20% (2015 - 0%). The differences are explained below:

	31 March 2016 £	Period 27 February 2015 to 31 March 2015 £
Loss on ordinary activities before tax	<u>(1,196,055)</u>	<u>-</u>
Loss on ordinary activities multiplied by standard rate of corporation tax of 20% (2015 - 0%)	(239,211)	-
<b>Effects of:</b>		
Group relief surrendered	<u>239,211</u>	<u>-</u>
<b>Total tax charge for the year/period</b>	<u>-</u>	<u>-</u>

# 1 Phillimore Terrace Limited

## Notes to the Financial Statements For the Year Ended 31 March 2016

### 7. Development property

	2016 £	2015 £
Development in progress	<u>11,641,091</u>	<u>10,001,985</u>

Included in the cost of the development in progress are interest and finance charges of £143,578 (2015: £nil) capitalised during the year. The development property is subject to a legal charge as security for the secured loan as disclosed note 8.

The development property is disclosed net of an impairment loss of £1,097,400 (2015: £nil) which was recognised in the Statement of Income and Retained Earnings in the year.

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

	2016 £	2015 £
Trade creditors	7,424	1,260
Amount due to parent company	2,750,768	-
Other creditors	21,844	-
Accruals	57,108	-
	<u>2,837,144</u>	<u>1,260</u>

The amount due to the parent company represents a development loan drawn from a bank loan facility between the parent company and the Royal Bank of Scotland International ('the bank').

The loan bears interest at a margin of 3% above the three-month Sterling LIBOR per annum and is repayable on or before 26 March 2017. The directors have the option to extend the repayment of the loan by six months after the first repayment date at a margin of 4% above the three-month Sterling LIBOR per annum.

The parent company has provided the following security to the bank:

- a security interest agreement over the shares of the parent company, and a debenture over this company;
- first legal charge over the property under development;
- security interest agreement over bank accounts held by the parent company;
- unlimited intercompany guarantees between the parent company and certain of its subsidiary undertakings (note 11);
- a guarantee of £25,000,000 provided by CPC Group Limited (note 12).

# 1 Phillimore Terrace Limited

## Notes to the Financial Statements For the Year Ended 31 March 2016

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

	2016 £	2015 £
Amount due to parent company (note 8)	-	725

### 10. Share capital

	2016 £	2015 £
<b>Allotted, called up and fully paid</b>		
10,000,002 ordinary shares of £1 each	10,000,002	10,000,002

### 11. Contingent liability

The company and its fellow subsidiaries are party to a cross guarantee agreement as security for a group loan facility provided by The Royal Bank of Scotland International Limited to SUD Co Holdings Limited, the parent company (note 8). At the year end the liabilities covered by the guarantee totalled £32,520,911 (2015: £54,611,745). In the opinion of the directors, no liability to the company is expected to arise as a result of the guarantee.

### 12. Controlling party and related party disclosures

The smallest group in which the results of the company are consolidated is headed by SUD Co Holdings Limited, a company registered in Guernsey which is the company's controlling party. The company is a wholly owned subsidiary of SUD Co Holdings Limited. The address of the registered office of SUD Co Holdings Limited is Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB.

Throughout the period the ultimate parent company was CPC Group Limited, a company registered in Guernsey. The ultimate parent company is under the control of Mr. C P Candy, the majority shareholder, who is therefore considered by the directors to be the ultimate controlling party of the company.