

CHARTER QUAY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

TUESDAY



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COMPANIES HOUSE

Company Registration No: 04117671

CHARTER QUAY LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

W K Procter
C C McGill

SECRETARY

P A Hallam

REGISTERED OFFICE

Molteno House
302 Regents Park Road
London
N3 2JX

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

CHARTER QUAY LIMITED

DIRECTORS' REPORT

The directors submit their report and the financial statements for the year ended 31 December 2013.

Principal activities

The principal activity of the company during the year was that of property investment.

Review of the business and future developments

On 23 May 2013, the company disposed of its investment property portfolio and ceased its main trading activities, giving rise to a loss on disposal of £2,400,000 (2012: nil).

Results and dividends

The loss for the year was £2,533,915 (2012: profit £15,849). The directors do not recommend the payment of a dividend.

Investment properties

The investment properties have no value in the financial statements (2012: £3,300,000) as all properties were sold on the 23 May 2013.

Directors

The directors who served since 1 January 2013 were as follows:

W K Procter
C C McGill

Statement of directors' responsibilities

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

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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.

CHARTER QUAY LIMITED

DIRECTORS' REPORT (Continued)

Statement as to disclosure of information to auditor

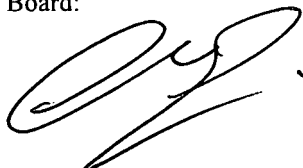
The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. The directors have also taken the available exemption from the requirement to prepare a strategic report.

By order of the Board:



C C McGill
Director

16 May

2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHARTER QUAY LIMITED

We have audited the financial statements on pages 5 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2013 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 prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Accounts prepared on a non-going concern basis

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the accounting policies on page 7 of the financial statements which set out the considerations made by the directors in respect of the going concern status of the group. On 23 May 2013, the company disposed of its investment property portfolio and ceased its main trading activities. As a result of this disposal, the company no longer has any investment assets with which to generate revenue and the accounts have accordingly been prepared on a break up basis.

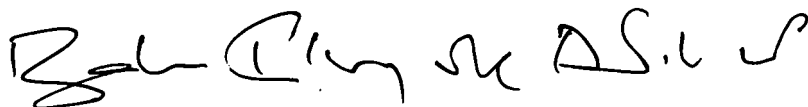
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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



Colin Roberts (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

16 May 2014

CHARTER QUAY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Turnover	1	73,059	49,812
Administration costs		(192,900)	(16,692)
Operating (loss) / profit		<u>(119,841)</u>	<u>32,850</u>
Loss on disposal of investment properties		(2,400,000)	-
Interest payable and similar charges	2	(14,074)	(17,001)
(Loss) / profit on ordinary activities before taxation	3	<u>(2,533,915)</u>	<u>15,849</u>
Tax on (loss) / profit on ordinary activities	5	-	-
(Loss) / profit on ordinary activities after taxation	11	<u>£ (2,533,915)</u>	<u>£ 15,849</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
(Loss) / profit for the financial year		(2,533,915)	15,849
Unrealised surplus on valuation of properties	6	-	100,000
Total recognised gains and losses for the year		<u>£ (2,533,915)</u>	<u>£ 115,849</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013

		2013 £	2012 £
(Loss) / profit on ordinary activities before taxation		(2,533,915)	15,849
Realisation of property revaluation gains of previous years	12	2,581,600	-
Historical cost profit on ordinary activities before taxation		<u>£ 47,685</u>	<u>£ 15,849</u>
Historical cost profit on ordinary activities after taxation		<u>£ 47,685</u>	<u>£ 15,849</u>

CHARTER QUAY LIMITED

BALANCE SHEET (Company Registration Number: 04117671)

AT 31 DECEMBER 2013

	Notes	2013 £	2012 £
Fixed assets			
Investment properties	6	-	3,300,000
Current assets			
Debtors	7	-	13,302
Creditors: Amounts falling due within one year	8	-	(1,922)
Net current assets		-	11,380
Total assets less current liabilities		-	3,311,380
Creditors: Amounts falling due after more than one year	9	(147,023)	(924,488)
Net (liabilities) / assets		<u>£ (147,023)</u>	<u>£ 2,386,892</u>
Capital and reserves			
Called up share capital	10	1	1
Revaluation reserve	11	-	2,581,600
Profit and loss account	11	(147,024)	(194,709)
Shareholders' (deficit) / funds	11	<u>£ (147,023)</u>	<u>£ 2,386,892</u>

The financial statements on pages 5 to 12 were approved by the board of directors and authorised for issue on 16 May 2014 and are signed on its behalf by:



C C McGill
Director

CHARTER QUAY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties and in accordance with applicable United Kingdom accounting standards.

Non-going concern basis

On 23 May 2013, the company disposed of its investment property portfolio and ceased its main trading activities. As a result of this disposal, the company no longer has any investment assets with which to generate revenue and it is the belief of the directors that the company will ultimately be wound up.

The accounts have therefore been prepared on a break up basis. Accordingly, full provision has been made in these accounts for all known liabilities and anticipated losses on realisation of assets. No provision has been made in relation to the anticipated future costs of the cessation of trade and any associated restructuring, as in the directors' opinion these are expected to be immaterial to the financial statements.

Investment properties

The company's holdings of Freehold Reversionary Interests are classified as Investment Property and accounted for in accordance with Statement of Standard Accounting Practice 19 (SSAP 19) 'Accounting for Investment properties'.

These assets, as their name implies, represent interests held in the freehold land on which other third party developers have built and sold long leasehold properties. As such these assets are more akin to financial investments, as they generate income in the form of annual ground rents and other ancillary income streams.

Recognising the unusual nature of these investment properties and the lack of a regular market for such significant portfolios of such assets, which are in distinct contrast with the more regular "bricks and mortar" investment properties commonly accounted for under SSAP 19, the directors are of the opinion that the best approximation to an open market value for these properties as required under SSAP 19, is provided by an actuarial valuation of the income streams generated by these assets.

Periodically actuarial valuations of the entire Freehold Reversionary Interest portfolio is undertaken by independent actuaries. These valuations are reviewed by the directors at each year end and adjusted by them for any identified significant movements in the valuation drivers. Any surplus identified over the cost of the assets is accounted for as an unrealised gain and taken to the revaluation reserve; any deficits are applied firstly to any previously identified surpluses and any residual amount written off to the profit and loss account.

No depreciation or amortisation is provided in respect of investment properties.

This treatment, as regards the company's investment properties, is a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Turnover

Turnover comprises rent receivable and other operating income arising from investment properties.

CHARTER QUAY LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

ACCOUNTING POLICIES (Continued)

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

No provision is made for deferred tax on unrealised gains recognised on revaluing property to its market value.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured on a non-discounted basis.

Cash flow statement

The company has taken advantage of the small company exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1.

CHARTER QUAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

1. Turnover	2013	2012
	£	£
Rent receivable	17,614	44,901
Other	55,445	4,911
	<u>£ 73,059</u>	<u>£ 49,812</u>
	<u><u> </u></u>	<u><u> </u></u>
2. Interest payable and similar charges	2013	2012
	£	£
Interest on parent company loan	£ 14,074	£ 17,001
	<u> </u>	<u> </u>
3. (Loss) / profit on ordinary activities before taxation	2013	2012
	£	£
The (loss) / profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration	£ 5,220	£ 4,350
	<u> </u>	<u> </u>
	<u><u> </u></u>	<u><u> </u></u>
4. Employees and directors		

There were no employees during the year other than the directors, who received no remuneration for their services.

CHARTER QUAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

5. Taxation	2013 £	2012 £
Current tax:		
UK corporation tax on profits/(losses) for the year	-	-
Total current tax	<u>£ -</u>	<u>£ -</u>
Factors affecting tax charge for the year:		
Profit/(loss) on ordinary activities before tax	<u>(2,533,915)</u>	<u>15,849</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 23% (2012: 24%)	<u>(582,800)</u>	<u>3,804</u>
Effects of:		
Losses utilised	(10,334)	(3,804)
Disallowable expenses	150	-
Chargeable gains adjustment	592,985	-
Current tax charge for the year	<u>£ -</u>	<u>£ -</u>

The company has estimated losses available to carry forward of £147,054 (2012: £191,984).

No deferred tax asset arising on these losses has been recognised due to the uncertainty of their recoverability.

6. Fixed assets	Freehold reversionary interests £
Investment properties	
Valuation	
As at 1 January 2013	3,300,000
Revaluation	-
Disposals	(3,300,000)
As at 31 December 2013	<u>£ -</u>

The freehold investment properties represent a portfolio of ground rents.

The historical cost of the properties was £Nil (2012: £718,400).

CHARTER QUAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

7. Debtors	2013	2012
	£	£
Trade debtors	£ -	£ 13,302
	<u> </u>	<u> </u>
8. Creditors – amounts falling due within one year:	2013	2012
	£	£
Accruals and deferred income	£ -	£ 1,922
	<u> </u>	<u> </u>
9. Creditors - amounts falling due after more than one year:	2013	2012
	£	£
Amount due to parent undertaking	£ 147,023	£ 924,488
	<u> </u>	<u> </u>

The amount due, subject to note 12, is unsecured and has no specific repayment date. Despite the loan being repayable on demand it is not the intention of the parent company for the loan to be repaid within one year and it has therefore been treated as due after more than one year. Interest is charged on the loan at LIBOR + 1%.

10. Share capital	2013	2012
	£	£
Equity:		
Allotted, issued and fully paid:		
1 ordinary share of £1	£ 1	£ 1
	<u> </u>	<u> </u>

11. Reserves and reconciliation of movement in shareholders' funds

	Revaluation reserve £	Share capital £	Profit and loss account £	Total shareholders' funds £
Opening shareholders' funds	2,581,600	1	(194,709)	2,386,892
Loss for the year	-	-	(2,533,915)	(2,533,915)
Revaluation release	(2,581,600)	-	2,581,600	-
Closing shareholders' funds	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	1	(147,024)	£ (147,023)

CHARTER QUAY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

12. **Contingent liability**

The company has given unlimited guarantees in respect of some of the indebtedness of its parent company and in respect of some of the indebtedness of the related parties Fairhold Holdings (2006) Apts Limited, Fairhold Holdings (2006) Houses Limited, Fairhold Holdings (2006) RPI Limited and Fairhold Homes Investment (No.9) AL Limited. These parties are related by virtue of common directors. These guarantees are supported by a debenture and a charge over the company's investment properties. At 31 December 2013 the total amount outstanding subject to the guarantees was £83,423,926 (2012: £78,662,082).

As a result of the joint loan arrangements in place within the group being in default, the loan provider has been recovering interest from the group on the swap they have used to fix the interest rate on the loan amounts advanced to the group. Despite the group not being party to this arrangement, there exists a contingent liability for the value of this swap at the year end. The group is not party to the swap itself and cannot reliably measure the fair value of their exposure, however total costs incurred by the group and related parties detailed above in connection with these additional interest payments amounted to £1,251,708 (2012: £761,055).

The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other participating group undertakings' unpaid debts in this connection.

13. **United Kingdom holding company**

The company is a wholly owned subsidiary undertaking of Fairhold Holdings (2005) Limited, which is registered in England and Wales. This parent undertaking is the holding company of both the largest and smallest group for which consolidated accounts are prepared and of which the company is a member. Copies of the financial statements are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

14. **Ultimate holding company**

The directors regard the ultimate holding company to be Euro Investments Overseas Incorporated, a company incorporated in the British Virgin Islands.

15. **Ultimate controlling party**

The ultimate controlling party is the Tchenguiz Family Trust.

16. **Related party transactions**

The company has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

During the year the company incurred a management charge of £146,204 (2012: £8,389) from Estates & Management Limited, a related party by virtue of common directorship and common control.