

LA MANZANILLA (UK) LIMITED



Directors' Report And Unaudited Financial Statements For the year ended 31 October 2012

LA MANZANILLA (UK) LIMITED

COMPANY INFORMATION

Directors	N Peele D Beamish M Lovett D Nordset
Secretary	D Beamish
Company number	04529068
Registered office	Devonshire House 60 Goswell Road EC1M 7AD
Accountants	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

LA MANZANILLA (UK) LIMITED

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LA MANZANILLA (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 OCTOBER 2012

The directors present their report and financial statements for the year ended 31 October 2012

Principal activities

The principal activity of the company continued to be that of a holding company of overseas companies whose principal trading activity was that of property development in Spain

The company has continued to hold its investments in Byblos Country Club Golf S A and Kamelosa Properties Inc. The activities of these companies have been affected by the impact of the worldwide recession in Spain, and the lack of confidence in the Spanish holiday and villa market in particular

The company identifies its main risk being the valuation of the subsidiaries, Byblos Country Club Golf S A and Kamelosa Properties Inc, this is mitigated through the monitoring of the records on a timely basis. However the recession in Spain and its impact on the valuation of the property development is beyond the control of the directors. In 2011 the Spanish company with whom Byblos Country Club Golf S A had contracted to sell part of the land owned went into liquidation. The directors investigated the impact of the failure of this company on the value of investments. The directors estimated that the recoverable value of investments had fallen to €1,439,264 and recognised a provision in the 2011 financial statements to write down the investment value to this amount.

During 2012 the directors continued to invest time progressing the planning applications made in respect of the land held by the group companies, and in 2013 planning approval was granted by Mijas Departamento de Urbanismo, subject to certain conditions, which has improved the marketability of the land owned.

Directors

The following directors have held office since 1 November 2011

N Peele
D Beamish
M Lovett
D Nordset

LA MANZANILLA (UK) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2012

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 these financial statements, the directors are required to

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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board



D Beamish

Secretary

Date 30.8.13

LA MANZANILLA (UK) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2012

	Notes	2012 €	2011 €
Administrative expenses		(346,667)	(144,555)
Operating loss	2	(346,667)	(144,555)
Other interest receivable and similar income	3	2	-
Amounts written off investments	4	-	(27,666,499)
Loss on ordinary activities before taxation		(346,665)	(27,811,054)
Tax on loss on ordinary activities	5	4,221	-
Loss for the year	11	(342,444)	(27,811,054)

LA MANZANILLA (UK) LIMITED

BALANCE SHEET AS AT 31 OCTOBER 2012

	Notes	2012 €	€	2011 €	€
Fixed assets					
Tangible assets	6	-		-	
Investments	7	1,439,264		1,439,264	
		<u>1,439,264</u>		<u>1,439,264</u>	
Current assets					
Debtors	8	165,068		271,591	
Cash at bank and in hand		10,671		1,471	
		<u>175,739</u>		<u>273,062</u>	
Creditors: amounts falling due within one year	9	<u>(29,730,204)</u>		<u>(29,539,793)</u>	
Net current liabilities			<u>(29,554,465)</u>		<u>(29,266,731)</u>
Total assets less current liabilities			<u>(28,115,201)</u>		<u>(27,827,467)</u>
Capital and reserves					
Called up share capital	10	126,933		72,223	
Share premium account	11	817,433		817,433	
Profit and loss account	11	<u>(29,059,567)</u>		<u>(28,717,123)</u>	
Shareholders' funds			<u>(28,115,201)</u>		<u>(27,827,467)</u>

LA MANZANILLA (UK) LIMITED

BALANCE SHEET (CONTINUED) AS AT 31 OCTOBER 2012

For the financial year ended 31 October 2012 the company was entitled to exemption from audit under section 477 Companies Act 2006. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these financial statements under the requirements of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the Board for issue on 30.8.13



D Beamish
Director

Company Registration No. 04529068

LA MANZANILLA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2012

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Going Concern

Excluding loss on foreign exchange, the company has incurred losses of €110,178 in the current year

The financial statements have been prepared on a going concern basis which is dependent on the sale of the subsidiary's land at a price sufficient to cover all liabilities and ongoing financial support from the shareholders

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Computer equipment	33% on cost
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1.4 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.5 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into euro's at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

Closing Rate 1 2353€ £

Average Rate 1 2232€ £

1.6 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 399 of the Companies Act 2006 not to prepare group accounts

2 Operating loss

	2012	2011
	€	€
Operating loss is stated after charging		
Auditors' remuneration	-	2,877

LA MANZANILLA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2012

3 Investment income	2012	2011
	€	€
Bank interest	2	-
	<u>2</u>	<u>-</u>

4 Amounts written off investments	2012	2011
	€	€
Amounts written off fixed asset investments - permanent diminution in value	-	27,666,499
	<u>-</u>	<u>27,666,499</u>

5 Taxation	2012	2011
	€	€
Domestic current year tax		
Adjustment for prior years	(4,221)	-
	<u>(4,221)</u>	<u>-</u>
Total current tax	<u>(4,221)</u>	<u>-</u>

On the basis of these financial statements no provision has been made for corporation tax

6 Tangible fixed assets	Computer equipment
	€
Cost	
At 1 November 2011 & at 31 October 2012	726
	<u>726</u>
Depreciation	
At 1 November 2011 & at 31 October 2012	726
	<u>726</u>
Net book value	
At 31 October 2012	-
	<u>-</u>
At 31 October 2011	-
	<u>-</u>

LA MANZANILLA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2012

7 Fixed asset investments

	Shares in group undertakings and participating interests €
Cost	
At 1 November 2011 & at 31 October 2012	1,439,264
Net book value	
At 31 October 2012	1,439,264
At 31 October 2011	1,439,264

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Byblos Country Club Golf S A	Spain	Ordinary	100 00
Kamelosa Properties Inc	Panama	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2010 €	Profit/(loss) for the year 2010 €
	Principal activity		
Byblos Country Club Golf S A	Property development	3,043,978	(171)
Kamelosa Properties Inc	Dormant	-	-

In 2011 the directors reviewed the value of investments in light of the current economic climate of the territory in which the underlying assets exist. Following this review the directors estimated the likely recoverable value of investments at the balance sheet date was €1,439,264. Accordingly the directors have recognised a provision for diminution in value in 2011 of €27,666,499. The directors have reviewed this valuation in 2012 and agree no further adjustment is required.

8 Debtors	2012 €	2011 €
Other debtors	165,068	271,591

LA MANZANILLA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2012

9 Creditors: amounts falling due within one year	2012	2011
	€	€
Trade creditors	966,777	932,594
Other creditors	28,763,427	28,607,199
	<u>29,730,204</u>	<u>29,539,793</u>

Included in other creditors are secured loans of €2,291,872 (2011 €2,057,063). These loans are secured by way of a fixed charge against the shares of the company. The loans are interest free and are repayable on the date the golf course being developed in Spain is opened. A coupon of three times the value of the loan is payable on the same date or earlier by agreement. These loans will be settled in GBP of £1,797,031 (2011 £1,797,031).

10 Share capital	2012	2011
	€	€
Allotted, called up and fully paid		
83,026 (2011 49,026) Ordinary shares of £1 each	118,768	64,059
4,974 (2011 4,974) Deferred shares of £1 each	8,164	8,164
	<u>126,933</u>	<u>72,223</u>

Ordinary share capital, deferred share capital and the associated share premium account are denominated in GBP with a nominal value of £1. Both the ordinary share capital and the associated share premium are translated into Euros at the historic exchange rate in effect at the time of issue.

Ordinary shares entitle the holder to one vote for each ordinary share held by him. Deferred shares do not confer on the holders any rights to receive or to attend and vote at any general meeting of the company. In the event that a distribution per ordinary share in excess of £500,000 has been achieved/declared, the holders of deferred shares shall be entitled to receive the remaining distribution/dividend on a pro-rate basis to all other shares of any class in the share capital of the company.

On 14 May 2012 44,000 Ordinary share of £1 each were issued at par.

LA MANZANILLA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2012

11 Statement of movements on reserves

	Share premium account €	Profit and loss account €
Balance at 1 November 2011	817,433	(28,717,123)
Loss for the year	-	(342,444)
Balance at 31 October 2012	817,433	(29,059,567)

12 Contingent liabilities

At the balance sheet date the company had creditors of €1,729,420 (2011 €1,602,580) which are payable upon the opening of the golf course. Upon settlement of these creditors a further amount of €5,188,260 (2011 €4,807,740) will become payable resulting in a total liability of €6,917,680 (2011 €6,410,320). No provision has been created in respect of the additional €5,188,260 (2011 €4,807,740) as there is no obligation to settle this amount until the golf course opens, the date of which cannot be reliably estimated at this time. The above creditors recognised in the balance sheet will be settled in GBP of £1,400,000 (2011 £1,400,000).

At the balance sheet date the company owed an amount of €490,452 (2011 €454,481) to O Sandoy, a director. This amount will be settled in GBP of £397,031 (2011 £397,031). This amount is repayable on demand when sufficient distributable reserves are available. Interest is accruing monthly on the loan at a rate of 2% above LIBOR. At 31 October 2012 accrued interest of €208,876 (2011 €182,272) was payable in addition to the capital repayment. Interest will be settled in GBP of £169,016 (2011 £159,231). No provision for interest accruing has been made as there is no certainty that the company will have sufficient distributable reserves to make payment.

13 Control

The company is controlled by the directors by virtue of their combined majority holding in the company.

LA MANZANILLA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2012

14 Related party relationships and transactions

Loans to/(from) directors

At the balance sheet date, the company owed M Lovett €17,649 (2011 €16,354) This amount will be settled in GBP of £14,287 (2011 £14,287)

At the balance sheet date, the company owed O Sandoy €490,452 (2011 €454,481) The loan is repayable on demand when sufficient distributable reserves are available

At the balance sheet date the company owed N Peele €0, (£0), (2011 €83,083, £72,583)

Other transactions

At the Balance Sheet date the company owed an amount of €621,111, (£502,802) to David Beamish Limited (2011 €490,218, £428,250)

The amount owed to David Beamish Limited is secured by way of a debenture for £441,005 The debenture was raised on 26 March 2012

At the balance sheet date the company was owed an amount of €141,385 (2011 €131,015) from Springfield Limited this amount is payable in GBP sterling of £114,454 Springfield Limited is controlled by D Nordset, director

At the balance sheet date the company owed an amount of €81,576 (£66,037) (2011 €39,254, £34,292) to NP Consultants Limited NP Consultants Limited is controlled by N Peele, director

At the balance sheet date the company owed an amount of €25,506,072 (2011 €25,503,632) to Byblos Country Club Golf S A

LA MANZANILLA (UK) LIMITED

Management Information

For the year ended 31 October 2012

LA MANZANILLA (UK) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2012

	2012 €	2011 €
Administrative expenses	(346,667)	(144,555)
Operating loss	(346,667)	(144,555)
Other interest receivable and similar income		
Bank interest	2	-
Amounts written off investments		
Amounts written off fixed asset investments - permanent	-	(27,666,499)
Loss before taxation	(346,665)	(27,811,054)

LA MANZANILLA (UK) LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 OCTOBER 2012

	2012	2011
	€	€
Administrative expenses		
Rent, rates and office costs	14,678	13,828
Travelling expenses	-	482
Legal and professional fees	3,912	-
Consultancy fees	78,133	138,276
Accountancy	10,168	7,909
Audit fees	-	2,877
Bank charges	191	165
Sundry expenses	3,098	84
Loss/(profit) on foreign exchange	236,487	(19,066)
	<u>346,667</u>	<u>144,555</u>