
FREP 2 (CARBIS BAY) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD FROM 13 JUNE 2012 TO 31 DECEMBER 2012



FREP 2 (CARBIS BAY) LIMITED

COMPANY INFORMATION

Directors	J P White (appointed 13 June 2012) P J H Smith (appointed 13 June 2012) S R Jenkin (appointed 13 June 2012) P B Bray (appointed 13 June 2012) E G O Roseman (appointed 13 June 2012)
Company secretary	C A Stratton
Registered number	8104021
Registered office	11-15 Wigmore Street London W1A 2JZ
Auditor	Deloitte LLP Chartered Accountants 2 New Street Square London United Kingdom EC4A 3BZ

FREP 2 (CARBIS BAY) LIMITED

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FREP 2 (CARBIS BAY) LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2012

The directors present their annual report and the financial statements for the period from incorporation on 13 June 2012 to 31 December 2012. The directors' report has been prepared in accordance with the provision applicable to companies entitled to the small companies exemption.

Principal activities and review of business

The principal activity of the company is the selling of land plots to individual buyers to develop into holiday homes.

In accordance with Financial Reporting Council Guidance, the directors have carried out a going concern review of the business as detailed within Note 1 to the accounts.

Results and dividends

The loss for the period, after taxation, amounted to £74,178.

The directors do not recommend the payment of a dividend.

Directors

The directors who served during the period were:

J P White (appointed 13 June 2012)
P J H Smith (appointed 13 June 2012)
S R Jenkin (appointed 13 June 2012)
P B Bray (appointed 13 June 2012)
E G O Roseman (appointed 13 June 2012)

Principal risks and uncertainties

The current economic conditions have created a number of uncertainties which are likely to affect the performance of the company going forward. These risks include financial risks which could have an adverse effect on the company's balance sheet.

Key performance indicators such as internal rates of return and equity multiples are reviewed constantly. Quarterly reviews update business plans and financial appraisals.

Provision 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 information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.
- This information is given and should be interpreted in accordance with the provision of S418 of the Companies Act 2006.

FREP 2 (CARBIS BAY) LIMITED

**DIRECTORS' REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2012**

Auditor

The company has appointed Deloitte LLP as auditor. Deloitte LLP has expressed its willingness to continue in office under section 487 (2) of the Companies Act 2006.

This report was approved by the directors and signed on its behalf

C.A. Stratton

C A Stratton
Secretary

Date *25 September 2013*

FREP 2 (CARBIS BAY) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2012

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 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.

FREP 2 (CARBIS BAY) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREP 2 (CARBIS BAY) LIMITED

We have audited the financial statements of FREP 2 (Carbis Bay) Limited for the period from 13 June 2012 to 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 explained more fully in the Directors' responsibilities statement, 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 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 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 December 2012 and of its loss for the period from 13 June 2012 to 31 December 2012,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

FREP 2 (CARBIS BAY) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREP 2 (CARBIS BAY) LIMITED

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

- proper 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
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report

Andrew Clark FCA

Andrew Clark (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date *25 September 2013*

FREP 2 (CARBIS BAY) LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2012**

		Period from 13 June 2012 to 31 December 2012 £
	Note	
TURNOVER	1,2	41,550
Cost of sales		(73,365)
GROSS LOSS		(31,815)
Administrative expenses		(42,363)
OPERATING LOSS	3	(74,178)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(74,178)
Tax on loss on ordinary activities	5	-
LOSS FOR THE FINANCIAL PERIOD	11	(74,178)

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 other than those included in the profit and loss account

The notes on pages 8 to 13 form part of these financial statements

FREP 2 (CARBIS BAY) LIMITED
REGISTERED NUMBER: 8104021

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £
CURRENT ASSETS			
Stocks	6	5,997,919	
Debtors	7	458,422	
Cash at bank and in hand		251,470	
		<u>6,707,811</u>	
CREDITORS amounts falling due within one year	8	<u>(6,781,988)</u>	
NET CURRENT LIABILITIES			<u>(74,177)</u>
NET LIABILITIES			<u>(74,177)</u>
CAPITAL AND RESERVES			
Called up share capital	10		1
Profit and loss account	11		<u>(74,178)</u>
SHAREHOLDER'S DEFICIT	12		<u>(74,177)</u>

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



Paul Bray
Director

Date 25 September 2013

The notes on pages 8 to 13 form part of these financial statements

FREP 2 (CARBIS BAY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards

1.2 Going concern

The company relies on funding provided by a parent undertaking, FREP 2 (Carbis Bay) Holdings Limited to meet its day to day working capital requirements. FREP 2 (Carbis Bay) Holdings Limited has undertaken not to call the inter-company debt or the request of payment of the mezzanine interest within the next 12 months, from the date of approval of the financial statements

The directors have reviewed the current and projected financial position of the company and have a reasonable expectation that the company has adequate resources to continue in operational business for the foreseeable future. Accordingly, they have adopted the going concern basis in preparing the annual report and accounts

1.3 Cash flow

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company

1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period, exclusive of Value Added Tax and trade discounts

Rental income receivable from operating leases is recognised in the profit and loss account in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from leased assets

1.5 Stocks

Stocks include land for sale and related infrastructure works

Stocks are included in the financial statements at the lower of cost and net realisable value

Costs include the purchase cost of the land and buildings, development expenditure, interest and directly attributable internal and external costs. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal

FREP 2 (CARBIS BAY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

1 ACCOUNTING POLICIES (continued)

1.6 Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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:

- (i) deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statement. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold, and
- (ii) 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 difference can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.7 Borrowings

Borrowings are initially recognised at proceeds received net of transaction costs incurred. Borrowings are subsequently stated at the proceeds received net of unamortised transaction costs. Costs relating to general corporate loan facilities are amortised over the estimated life of the loan and charged to the profit and loss account as part of the interest expense.

2 TURNOVER

The whole of the turnover is attributable to rental income.

All turnover arose within the United Kingdom.

FREP 2 (CARBIS BAY) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

3 OPERATING LOSS

The operating loss is stated after charging

	Period from 13 June 2012 to 31 December 2012 £
Fees payable to the company's Auditor for the audit of the company's annual accounts	2,000
Taxation Fees	29,400
Accountancy Services	8,250
	<u> </u>

4. STAFF COSTS

The company has no employees other than the directors, who did not receive any remuneration

5 TAXATION

	Period from 13 June 2012 to 31 December 2012 £
UK corporation tax charge on loss for the period	-
	<u> </u>

Factors affecting tax charge for the period

The tax assessed for the period is lower than the small companies standard rate of corporation tax in the UK of 20%. The differences are explained below

	Period from 13 June 2012 to 31 December 2012 £
Loss on ordinary activities before tax	(74,178)
	<u> </u>
Loss on ordinary activities multiplied by the small companies standard rate of corporation tax in the UK of 20%	(14,836)
Effects of	
Losses carried forward	14,836
	<u> </u>
Current tax charge for the period (see note above)	<u> </u>

FREP 2 (CARBIS BAY) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

5 TAXATION (continued)

Deferred tax

There is an unprovided deferred tax asset of £14,836 arising as a result of losses carried forward. The deferred tax asset has not been recognised as there is uncertainty over the availability of suitable profits arising in the future against which the asset can be utilised.

6 STOCKS

	2012 £
Land and buildings	5,997,919

Stock represents land and buildings reported at the lower of cost and net realisable value. The property has been valued by professional independent valuers, Jones Lang La Salle in accordance with RICS Valuation Professional Standards (2012) ("the Red Book") as at 31 December 2012 at £6,060,000.

7 DEBTORS

	2012 £
Amounts owed by group undertakings	1
Vat debtor	133,825
Other debtors	324,596
	<u>458,422</u>

Other debtors includes £300,000 a float provided to the company's contractor in relation to the construction works.

8. CREDITORS

Amounts falling due within one year

	2012 £
Trade creditors	122,859
Amounts owed to group undertakings	6,627,247
Other creditors	69
Accruals and deferred income	31,813
	<u>6,781,988</u>

Amounts owed to group undertakings includes a mezzanine loan from FREP 2 (Carbis Bay) Holdings Limited amounting to £6,580,646 as at 31 December 2012. This loan is repayable on 18 June 2013. On 18 June 2013, the loan including the interest due was converted into an on demand interest free loan.

FREP 2 (CARBIS BAY) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

9 FINANCIAL INSTRUMENTS

The interest profile of the company's financial liability is as follows

	Average interest rate*	Average period years	2012 £
Unsecured mezzanine loan from the immediate parent undertaking	15.00%	0.46	6,580,646

*The weighted average interest rate is margin inclusive

The maturity profile of the carrying amount of the company's financial liability (excluding unamortised issue costs) at 31 December 2012 was as follows

	2012 £
Aggregate amount repayable	
Between two and five years	-
Total loans due after more than one year	-
Loans due in one year or less*	6,580,646
Total loans	6,580,646

*Being loans from the immediate parent undertaking, FREP 2 (Carbis Bay) Holdings Limited

10 CALLED UP SHARE CAPITAL

	2012 £
Allotted and called up	
1 Ordinary share of £1	1

FREP 2 (CARBIS BAY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2012

11 PROFIT AND LOSS ACCOUNT

	Profit and loss account £
Loss for the year	(74,178)
At 31 December 2012	<u>(74,178)</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S DEFICIT

	2012 £
Opening shareholder's funds	-
Loss for the period	(74,178)
Shares issued during the period	<u>1</u>
Closing shareholder's deficit	<u>(74,177)</u>

13 RELATED PARTY TRANSACTIONS

FREP 2 (Carbis Bay) Limited is a wholly owned subsidiary of FREP 2 (Carbis Bay) Holdings Limited. During the financial period, FREP 2 (Carbis Bay) Holdings Limited provided a mezzanine loan to the company amounting to £6,118,619. Interest accrued on this loan during the period was £462,027 resulting in £6,580,646 being owed to the FREP 2 (Carbis Bay) Holdings Limited at the period end. This loan is repayable on 18 June 2013. On 18 June 2013, the loan including the interest due was converted into an on demand interest free loan. In addition, FREP 2 (Carbis Bay) Holdings Limited owed £1 to FREP 2 (Carbis Bay) Limited.

The ultimate parent undertaking is Frogmore Real Estate Partners II, LP, ("FREP 2 LP"). As at the period end, the company owed £46,602 to FREP 2 LP.

J P White, P B Bray, E G O Roseman and S R Jenkin are directors of Frogmore Real Estate Partners GP2 Limited ("FREP GP2") and Frogmore Real Estate Partners Investment Managers Limited ("FREPIIM"). P J H Smith is also a director of FREPIIM. FREP GP2 is the General Partner of FREP 2 LP and FREPIIM is the investment manager to FREP 2 LP. During the financial period £46,602 was charged by FREPIIM for asset management services which has been fully paid as at the financial period end.

14 CONTROLLING PARTY

The immediate parent undertaking is FREP 2 (Carbis Bay) Holdings Limited. FREP 2 (Carbis Bay) Holdings is controlled by Frogmore Real Estate Partners II LP which is an English Limited Partnership registered in England and Wales.

FREP 2 (CARBIS BAY) LIMITED

**UNAUDITED DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2012**

		Period from 13 June 2012 to 31 December 2012 £
	Page	
TURNOVER	15	41,550
Cost of sales	15	(73,365)
GROSS LOSS		(31,815)
LESS OVERHEADS		
Administrative expenses	15	(42,363)
LOSS FOR THE PERIOD		(74,178)

FREP 2 (CARBIS BAY) LIMITED

**UNAUDITED SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 2012**

	Period from 13 June 2012 to 31 December 2012 £
TURNOVER	
Other income	300
Rental income	41,250
	41,550
	Period from 13 June 2012 to 31 December 2012 £
COST OF SALES	
Advertising costs	73,310
Management fees	55
	73,365
	Period from 13 June 2012 to 31 December 2012 £
ADMINISTRATIVE EXPENSES	
Legal and professional	29,800
Auditors' remuneration	2,000
Accountancy fees	8,250
Sundry expenses	2,313
	42,363