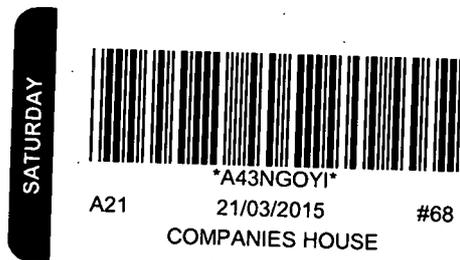


**CHERRY ORCHARD PROPERTIES LIMITED**  
**FINANCIAL STATEMENTS**  
**31 MARCH 2014**



**COHEN ARNOLD**  
Chartered Accountants & Statutory Auditor  
New Burlington House  
1075 Finchley Road  
London  
NW11 0PU

**CHERRY ORCHARD PROPERTIES LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

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**CHERRY ORCHARD PROPERTIES LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The director</b>	Mr B S E Freshwater
<b>Company secretary</b>	Mr M R M Jenner F.C.I.S
<b>Registered office</b>	Freshwater House 158-162 Shaftesbury Avenue London WC2H 8HR
<b>Auditor</b>	Cohen Arnold Chartered Accountants & Statutory Auditor New Burlington House 1075 Finchley Road London NW11 0PU

# CHERRY ORCHARD PROPERTIES LIMITED

## DIRECTOR'S REPORT

### YEAR ENDED 31 MARCH 2014

The director presents his report and the financial statements of the company for the year ended 31 March 2014.

#### PRINCIPAL ACTIVITIES

The principal activity of the company is property investment in commercial and residential properties in the UK. From time to time the Company undertakes the redevelopment of its existing properties. The Company's business model is generally to hold its properties for the long term in order to generate rental income and capital appreciation. However, each of the Company's investment properties is considered to be potentially for sale in the right circumstances. There has been no significant change in the nature of the company's business activities during the year under review, nor is any envisaged in the immediate future.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £162,520. The director has not recommended a dividend.

#### DIRECTOR

The director who served the company during the year was as follows:

Mr B S E Freshwater

The Articles of Association of the company does not require the director to retire by rotation. The director does not have a service contract, nor does he receive any emoluments from the company.

#### DIRECTOR'S INTERESTS

The whole of the issued share capital of the company is owned by The Raphael Freshwater Memorial Association Limited, a company registered in Great Britain, and incorporated in England for charitable purposes. Mr B S E Freshwater is a governor of the parent undertaking, but does not have any interest in the share capital of the company, the parent undertaking or any subsidiary of the parent undertaking.

Day-to-day management of the company's properties and its operations is carried out by Highdorn Co. Limited and Freshwater Property Management Limited. Mr B S E Freshwater is a director of Highdorn Co. Limited and has a non-beneficial interest therein. Mr B S E Freshwater is also a director of Freshwater Property Management Limited and a governor of its parent undertaking Mayfair Charities Limited but has no beneficial interest in either company.

#### PROPERTIES

A professional valuation of all the Company's investment portfolio was carried out at 31 March 2014 by Colliers International Property Advisers UK LLP, RICS Registered Valuers. The valuation totalled £1.2 million (2013: £1.0 million) producing a surplus of £153,000 (2013: £93,500) which has been included in the profit and loss account.

#### DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the director must not approve the financial statements unless he is 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 year.

**CHERRY ORCHARD PROPERTIES LIMITED**

**DIRECTOR'S REPORT *(continued)***

**YEAR ENDED 31 MARCH 2014**

In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

**AUDITOR**

Cohen Arnold are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

The director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Signed by order of the director



M R M JENNER, F.C.I.S.  
Company Secretary

Approved by the directors on ..... **10 MAR 2015** .....

**CHERRY ORCHARD PROPERTIES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**CHERRY ORCHARD PROPERTIES LIMITED**  
**YEAR ENDED 31 MARCH 2014**

We have audited the financial statements of Cherry Orchard Properties Limited for the year ended 31 March 2014 on pages 6 to 17. 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITOR**

As explained more fully in the Director's Responsibilities Statement set out on pages 2 to 3, the director is 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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual 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 material misstatements or inconsistencies we consider the implications for our report.

**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 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

**CHERRY ORCHARD PROPERTIES LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF**  
**CHERRY ORCHARD PROPERTIES LIMITED** *(continued)*

**YEAR ENDED 31 MARCH 2014**

**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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



JOSHUA NEUMANN (Senior Statutory Auditor)

For and on behalf of  
COHEN ARNOLD  
Chartered Accountants  
& Statutory Auditor

New Burlington House  
1075 Finchley Road  
London  
NW11 0PU

**10 MAR 2015**  
.....

**CHERRY ORCHARD PROPERTIES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
<b>TURNOVER</b>		<b>75,185</b>	<b>81,483</b>
Property outgoings		<u>(31,977)</u>	<u>(33,749)</u>
<b>GROSS PROFIT</b>		<b>43,208</b>	<b>47,734</b>
Net valuation gains on investment property		<b>153,000</b>	<b>93,500</b>
Administrative Expenses		<u>(4,115)</u>	<u>(4,505)</u>
<b>OPERATING PROFIT</b>	<b>2</b>	<b>192,093</b>	<b>136,729</b>
Interest receivable		<b>212</b>	<b>445</b>
Interest payable and similar charges	<b>4</b>	<u>(21,785)</u>	<u>(21,785)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>170,520</b>	<b>115,389</b>
Tax on Profit on Ordinary Activities	<b>5</b>	<u>(8,000)</u>	<u>(17,000)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b><u>162,520</u></b>	<b><u>98,389</u></b>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 17 form part of these financial statements.

**CHERRY ORCHARD PROPERTIES LIMITED**

**BALANCE SHEET**

**31 MARCH 2014**

	Note	2014 £	£	2013 £	£
<b>FIXED ASSETS</b>					
Investment property	6		1,189,925		1,036,925
<b>CURRENT ASSETS</b>					
Debtors	7	82,023		76,223	
Cash at Bank		<u>133,964</u>		<u>126,579</u>	
		215,987		202,802	
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>(837,782)</u>	4	<u>(838,117)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(621,795)</u>		<u>(635,315)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>568,130</u>		<u>401,610</u>
<b>PROVISIONS FOR LIABILITIES</b>	9		<u>(200,000)</u>		<u>(196,000)</u>
<b>NET ASSETS</b>			<u>368,130</u>		<u>205,610</u>
<b>CAPITAL AND RESERVES</b>					
Called-Up Equity Share Capital	12		1,100		1,100
Profit and Loss Account			<u>367,030</u>		<u>204,510</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>			<u>368,130</u>		<u>205,610</u>

These accounts were approved by the director and authorised for issue on **10 MAR 2015** .....

  
**MR B S E FRESHWATER**  
 Director  
 Company Registration Number: 00990596

The notes on pages 9 to 17 form part of these financial statements.

**CHERRY ORCHARD PROPERTIES LIMITED**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**YEAR ENDED 31 MARCH 2014**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 April 2012	1,100	106,121	107,221
<b>Total comprehensive income for the period</b>			
Profit	-	98,389	98,389
Balance at 31 March 2013	<u>1,100</u>	<u>204,510</u>	<u>205,610</u>

	Called up share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 April 2013	1,100	204,510	205,610
<b>Total comprehensive income for the period</b>			
Profit	-	162,520	162,520
Balance at 31 March 2014	<u>1,100</u>	<u>367,030</u>	<u>368,130</u>

The balance on the profit and loss account at 31 March 2014 includes £863,036 of unrealised profits which are not available for distribution.

The notes on pages 9 to 17 form part of these financial statements.

# CHERRY ORCHARD PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

Cherry Orchard Properties Limited (the "Company") is a company limited by shares and incorporated in the UK. The Company's Registered Office is Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling.

The financial statements have been prepared under the historical cost convention except that investment property is measured at fair value.

The financial statements have been prepared in accordance with the accounting principles appropriate to a going concern, notwithstanding the company's net current liabilities, this being dependent primarily upon the continued provision of financial facilities by the parent undertaking, The Raphael Freshwater Memorial Association Limited.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the Company is provided in note 15.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102 in the transition period. The following exemption has been taken in these financial statements:

- Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at 1 April 2012 rather than commencement date of the arrangement.

The Company's parent undertaking, The Raphael Freshwater Memorial Association Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of The Raphael Freshwater Memorial Association Limited are prepared in accordance with the Charities SORP and are available to the public and may be obtained from Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures :

- Reconciliation of the number of shares outstanding from the beginning to the end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the director, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

#### **Related parties transactions**

The company has taken advantage of the exemptions in FRS 102 in order to dispense with the requirement to disclose transactions with other companies in the Raphael Freshwater Memorial Association Limited group.

**CHERRY ORCHARD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**1. ACCOUNTING POLICIES *(continued)***

**Turnover**

Turnover comprises rents and charges receivable and is derived wholly from operations in the UK.

**Acquisitions and disposals of properties**

Acquisitions and disposals are considered to have taken place at the date of legal completion and are included in the financial statements accordingly.

**Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its financial liabilities.

***Basic financial instruments***

***Trade and other debtors***

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

***Trade and other creditors***

Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

**Investment property**

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- i. Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the profit and loss account in the period that they arise; and
- ii. No depreciation is provided in respect of investment properties applying the fair value model.

This treatment, as regards the company's investment properties, may be 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 director considers that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation 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.

Investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued. Any gain or loss arising from a change in fair value is recognised in the profit and loss account.

Profit on disposal of investment property includes the net proceeds from lease extensions.

**CHERRY ORCHARD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**1. ACCOUNTING POLICIES (continued)**

**Income and Expenses**

*Interest receivable and Interest payable*

Interest income and interest payable are recognised in the profit and loss account as they accrue, using the effective interest method. Borrowing costs that are directly attributable to the acquisition, construction or redevelopment of an asset that takes a substantial time to be prepared for use are expensed as incurred.

Interest receivable and similar income include interest receivable on intercompany loans and late payment charges.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is expected tax payable or receivable on the taxable income or loss for the year, using rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rate and allowances applicable to the sale of the property.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**2. OPERATING PROFIT**

Operating profit is stated after charging:

	2014	2013
	£	£
Auditor's fees	<u>4,080</u>	<u>4,320</u>

**3. PARTICULARS OF EMPLOYEES**

No salaries or wages have been paid to employees, including the director, during the year.

**CHERRY ORCHARD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Other interest and similar charges	<u>21,785</u>	<u>21,785</u>

Interest paid to group undertakings amounted to £16,000 (2013 - £16,000).

**5. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of charge in the year**

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Current tax :		
Consideration payable for group relief	<u>4,000</u>	<u>5,000</u>
Total current tax	<u>4,000</u>	<u>5,000</u>
Deferred tax:		
Origination and reversal of timing differences	<u>30,000</u>	<u>20,000</u>
Change in tax rate	<u>(26,000)</u>	<u>(8,000)</u>
Total deferred tax	<u>4,000</u>	<u>12,000</u>
Total tax	<u>8,000</u>	<u>17,000</u>

All tax is recognised in the profit and loss account.

**(b) Reconciliation of effective tax rate**

The tax assessed on the profit on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 23% (2013 - 24%). The difference between the current tax charge for the year and a tax charge based on the standard rate of corporation tax in the UK is explained below:

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>170,520</u>	<u>115,389</u>
Tax at the standard rate of corporation tax in the UK of 23% (2013: 24%)	39,220	27,693
Timing differences on unrealised gains	(31,190)	(10,440)
Other differences	<u>(30)</u>	<u>(253)</u>
Total tax (note 5(a))	<u>8,000</u>	<u>17,000</u>

**(c) Factors that may affect future tax charges**

The 2013 Budget announced on 20 March 2013 that the UK Corporation tax rate will reduce to 20% by 2015. A reduction in the rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge. The deferred tax liability at 31 March 2014 has been calculated based on the rate of 20%.

**CHERRY ORCHARD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**6. INVESTMENT PROPERTY**

	<b>Freehold Properties £</b>	<b>Long Leasehold Properties £</b>	<b>Total £</b>
<b>FAIR VALUE</b>			
At 1 April 2013	234,100	802,825	1,036,925
Revaluation	5,000	148,000	153,000
<b>At 31 March 2014</b>	<u>239,100</u>	<u>950,825</u>	<u>1,189,925</u>

The historical cost of investment properties at 31 March 2014 is £126,889 (2013: £126,889).

An independent professional revaluation of all the Company's property was carried out at 31 March 2014 by Colliers International Property Advisers UK LLP, RICS Registered Valuers. The revaluation figures are based on open market value assessed in accordance with the RICS Valuation – Professional Standards (2014).

**Valuation techniques and key inputs**

The company's residential apartments (£950,825) were valued using a sales valuation approach, derived from recent comparable transactions in the market, adjusted by applying discounts to reflect status of occupation and condition. The largest discounts were applied to those properties subject to registered tenancies, reflecting the relative difference in security of tenure, whilst the smallest discounts were applied to those properties subject to assured shorthold tenancies. Sales value assumptions were £340 per square foot.

The company's commercial units (£239,100) were valued using the income capitalisation method, requiring the application of an appropriate market based yield to net operating income. Adjustments are made to allow for voids when less than five years are left under the current tenancy and to reflect market rent at the point of lease expiry or rent review. Equivalent yields used were 6.76% and estimated rental values used were £13.30 per square foot.

**7. DEBTORS**

	<b>2014 £</b>	<b>2013 £</b>
Trade debtors	28,494	14,870
Amounts owed by group undertakings	30,000	30,000
Other debtors	23,529	31,353
	<u>82,023</u>	<u>76,223</u>

Other debtors include an interest-free amount of £19,742 (2013: £19,742), due by Craigton Combined Securities Limited of which Mr B S E Freshwater, the director of this company, is also a director.

All debtors are payable within one year or are payable on demand.

**CHERRY ORCHARD PROPERTIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

**8. CREDITORS: Amounts falling due within one year**

	2014	2013
	£	£
Trade creditors	9,429	7,199
Amounts owed to group undertakings	481,894	476,894
Other creditors:		
Consideration payable for group relief	4,000	5,000
Other creditors and accruals	342,459	349,024
	<u>837,782</u>	<u>838,117</u>

Other creditors and accruals include an interest-free management balance of £152,847 (2013: £162,910) due to Highdorn Co. Limited (note 11). Also included in Other creditors and accruals is a loan advance of £53,000 (2013: £53,000) due to Freshwater Property Management Limited (note 11). The loan bears interest at variable rates and is repayable on demand. At the balance sheet date, interest of £126,083 (2013: £120,298) was accrued and unpaid.

**9. DEFERRED TAX LIABILITIES**

The movement in the deferred taxation provision during the year was:

	£
At 1 April 2013	196,000
Charged to profit and loss account	4,000
At 31 March 2014	<u>200,000</u>

**10. FINANCIAL INSTRUMENTS**

	2014	2013
	£	£
<b>Financial assets measured at amortised cost:</b>		
Trade debtors	28,494	14,870
Amounts owed by group undertakings	30,000	30,000
Other debtors	23,529	31,353
Cash at bank	133,964	126,579
<b>Financial liabilities measured at amortised cost:</b>		
Trade creditors	9,429	7,199
Amounts owed to group undertakings	481,894	476,894
Consideration payable for group relief	4,000	5,000
Other creditors	342,459	349,024
	<u>                    </u>	<u>                    </u>

# CHERRY ORCHARD PROPERTIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2014

### 11. DIRECTOR'S INTERESTS IN CONTRACTS

Day-to-day management of the company's properties and its operations is carried out by Highdorn Co. Limited and Freshwater Property Management Limited. Mr B S E Freshwater is a director of Highdorn Co. Limited and has a non-beneficial interest therein. Mr B S E Freshwater is also a director of Freshwater Property Management Limited and a governor of its parent undertaking Mayfair Charities Limited but has no beneficial interest in either company.

During the year £271 (2013: £266), including VAT, was payable to Freshwater Property Management Limited for management and administrative services which were charged for at normal commercial rates.

The company has taken advantage of the exemption in FRS 102 "Related Party Disclosures" in order to dispense with the requirement to disclose transactions with other wholly owned Raphael Freshwater Memorial Association Limited group companies.

### 12. SHARE CAPITAL

Allotted, called up and fully paid:

	2014		2013	
	No	£	No	£
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
Deferred Ordinary shares of £1 each	100	100	100	100
	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>

### 13. PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by its parent undertaking, The Raphael Freshwater Memorial Association Limited, a company incorporated in United Kingdom and registered in England and Wales for charitable purposes. The Raphael Freshwater Memorial Association Limited does not have a controlling party.

### 14. ACCOUNTING ESTIMATES AND JUDGEMENTS

#### i. Property valuations

The valuation of the company's property portfolio is inherently subjective, depending on many factors, including the individual nature of each property, its location and expected future net rental values, market yields and comparable market transactions (as set out in Note 6). Therefore the valuations are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of difficult market or economic conditions. As noted in Note 1 above, all the company's properties are valued by external valuers with appropriate qualifications and experience.

#### ii. Trade debtors

Management uses details of the age of trade debtors and the status of any disputes together with external evidence of the credit status of the counterparty in making judgements concerning any need to impair the carrying values.

**CHERRY ORCHARD PROPERTIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2014**

**15. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP**

As stated in Note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2014 and the comparative information presented in these financial statements for the year ended 31 March 2013.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

*Reconciliation of equity*

		1 April 2012			31 March 2013		
		Effect of transition to			Effect of transition to		
		UK GAAP	FRS 102	FRS 102	UK GAAP	FRS 102	FRS 102
		£	£	£	£	£	£
<b>Fixed assets</b>							
Investment properties	(i)	-	943,425	943,425	-	1,036,925	1,036,925
		-	943,425	943,425	-	1,036,925	1,036,925
<b>Current assets</b>							
Properties held for trading	(i)	126,889	(126,889)	-	126,889	(126,889)	-
Debtors		77,589	-	77,589	76,223	-	76,223
Cash at bank		73,161	-	73,161	126,579	-	126,579
		277,639	(126,889)	150,750	329,691	(126,889)	202,802
<b>Creditors : amounts due within one year</b>							
		(802,954)	-	(802,954)	(838,117)	-	(838,117)
<b>Net current liabilities</b>							
		(525,315)	(126,889)	(652,204)	(508,426)	(126,889)	(635,315)
<b>Provisions for liabilities</b>							
	(ii)	-	(184,000)	(184,000)	-	(196,000)	(196,000)
<b>Net (liabilities)/assets</b>							
		(525,315)	632,536	107,221	(508,426)	714,036	205,610
<b>Capital and reserves</b>							
Called up share capital		1,100	-	1,100	1,100	-	1,100
Profit and loss account		(526,415)	632,536	106,121	(509,526)	714,036	204,510
<b>Equity shareholders' funds</b>							
		(525,315)	632,536	107,221	(508,426)	714,036	205,610

**CHERRY ORCHARD PROPERTIES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2014**

**15. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP (continued)**

*Reconciliation of profit/(loss) for the year to 31 March 2013*

	31 March 2013		
	UK GAAP	Effect of transition to FRS 102	FRS 102
	£	£	£
Turnover	81,483	-	81,483
Property outgoings	(33,749)	-	(33,749)
<b>Gross profit</b>	<u>47,734</u>	-	<u>47,734</u>
Net valuation gains on investment property	-	93,500	93,500
Administrative Expenses	(4,505)	-	(4,505)
<b>Operating profit</b>	<u>43,229</u>	<u>93,500</u>	<u>136,729</u>
Interest receivable and similar income	445	-	445
Interest payable and similar charges	(21,785)	-	(21,785)
<b>Profit on ordinary activities before taxation</b>	<u>21,889</u>	<u>93,500</u>	<u>115,389</u>
Tax on profit on ordinary activities	(5,000)	(12,000)	(17,000)
<b>Profit for the year</b>	<u><u>16,889</u></u>	<u><u>81,500</u></u>	<u><u>98,389</u></u>

The following were changes in accounting policies arising from the transition to FRS 102:

(i) Investment Property

Previously the company's properties continued to be categorised as trading properties, shown in the balance sheet as stock within current assets, at the lower of cost and net realisable value. Under FRS 102 these properties fall to be categorised as investment properties within fixed assets and are held at fair value, with changes in fair value being recorded in the profit and loss account.

(ii) Deferred tax on unrealised investment property gains and losses

Previously no deferred tax arose on the company's properties as there were no timing differences between the accounting and tax treatment of any movements in carrying value. Under FRS 102, deferred tax is recognised on the difference between the cost for tax purposes and the fair value of the company's investment properties, with movements recorded in the profit and loss account.