

**Firville Investments Limited**

**Directors' report and financial  
statements**

Registered number 1060048

For the year ended 31 December 2012



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

### Principal activity

The principal activity of the company is property trading. There has been no significant change in the nature of the company's business activity during the year nor is any envisaged in the immediate future.

### Results and dividends

The results for the year ended 31 December 2012 are set out in the attached financial statements.

The directors do not recommend the payment of a dividend (2011 £nil).

### Property

A professional valuation of the property held for trading was carried out at 31 December 2011 by the company's valuers Colliers International, on the basis of open market value. This resulted in a deficit below book value of £30,290 at that time which was incorporated into the financial statements. This deficit has now been reversed as the directors are satisfied that at 31 December 2012, the property held for trading is no longer impaired.

### Directors

The directors who held office during the year, and who are still in office, are

Mr BSE Freshwater  
Mr D Davis

The Articles of Association of the company do not require the directors to retire by rotation.

Neither director has a service contract nor receives any emoluments from the company.

### Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the 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 auditors are aware of that information.

### Auditors

Pursuant to Section 487 of the Companies Act 2006, joint auditor Cohen Arnold will be deemed to be reappointed and will therefore continue in office. Joint auditor KPMG LLP will resign on 22 August 2013.

By order of the board



MRM Jenner  
Secretary

Registered office  
Freshwater House  
158-162 Shaftesbury Avenue  
London WC2H 8HR

19 August 2013

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Report of the joint independent auditors, Cohen Arnold and KPMG LLP, to the members of Firville Investments Limited**

We have audited the financial statements of Firville Investments Limited for the year ended 31 December 2012 set out on pages 5 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors**

As explained more fully 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 APB's web-site at [www.frc.org.uk/auditscopeukprivate](http://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 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

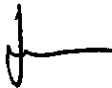
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the joint independent auditors, Cohen Arnold and KPMG LLP, to the members of Firville Investments Limited (*continued*)**

**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



**Joshua Neumann (Senior Statutory Auditor)**  
for and on behalf of Cohen Arnold, Statutory Auditor  
Chartered Accountants  
New Burlington House  
1075 Finchley Road  
London NW11 0PU



**Andrew Marshall (Senior Statutory Auditor)**  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
15 Canada Square  
London E14 5GL

22<sup>nd</sup> August 2013

**Profit and loss account**  
*for the year ended 31 December 2012*

	<i>Note</i>	2012 £	2011 £
<b>Rents and charges receivable</b>		179,079	86,269
Property outgoings		(195,946)	(112,569)
		<hr/>	<hr/>
		(16,867)	(26,300)
Surplus on disposal of properties		-	56,430
Administrative expenses		(4,800)	(1,200)
Decrease/(increase) in provision for impairment in value of trading stock		30,290	(30,290)
Interest (Payable)/Receivable		(35,000)	20
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	2	(26,377)	(1,340)
Tax on loss on ordinary activities	4	6,000	-
		<hr/>	<hr/>
<b>Loss for the financial year</b>	9	(20,377)	(1,340)
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains or losses in the current or previous year other than those disclosed above

All of the company's activities are continuing

There is no difference between the results as stated and the results on a historic cost basis in either the current or previous year


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

**Balance sheet**  
*At 31 December 2012*

	<i>Note</i>	2012 £	2011 £
<b>Current assets</b>			
Stocks - property held for trading	5	758,600	726,310
Debtors	6	287,636	260,794
		<u>1,046,236</u>	<u>987,104</u>
<b>Creditors</b> amounts falling due within one year	7	(1,786,914)	(1,707,405)
		<u>(740,678)</u>	<u>(720,301)</u>
<b>Net liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	8	100	100
Profit and loss account	9	(740,778)	(720,401)
		<u>(740,678)</u>	<u>(720,301)</u>
<b>Shareholders' deficit</b>	10	(740,678)	(720,301)

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

These financial statements were approved by the board of directors on 19 August 2013 and were signed on its behalf by

  
**BSE Freshwater**  
*Director*

Company Registered Number 1060048



## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

#### ***Basis of preparation***

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

The financial statements have been prepared on the going concern basis, notwithstanding the company's net liabilities, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Metropolitan Properties Company Limited, the company's intermediate parent undertaking. The Metropolitan Properties Company Group has considerable financial resources together with a large property portfolio and access to credit facilities. Metropolitan Properties Company Limited has provided the company with an undertaking that, for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company.

This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

#### ***Property held for trading***

Property held for trading is stated at the lower of cost and estimated net realisable value.

Disposals are considered to take place at the date of legal completion.

#### ***Taxation***

The charge or credit for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

#### ***Cash flow statement***

Under FRS1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of an intermediate parent undertaking registered in England and Wales which prepares consolidated financial statements that include a consolidated cash flow statement.

#### ***Related party transactions***

The company has taken advantage of the exemption per Financial Reporting Standard 8 *Related Party Disclosures* (FRS 8) in order to dispense with the requirement to disclose transactions with other wholly owned Metropolitan Properties Company Limited group companies.

#### ***Disposal of properties***

Disposals are considered to have taken place at the date of legal completion and include the net proceeds from lease extensions.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies (continued)

#### *Classification of financial instruments issued by the Company*

Under FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds

### 2 Loss on ordinary activities before and after taxation

	2012 £	2011 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration for audit services	4,800	1,200
	<u>          </u>	<u>          </u>

The directors of the company did not receive any emoluments from the company during the year or in the previous year

### 3 Information on employees

During the year the company employed staff to provide portage and maintenance services. The full payroll cost of employing these staff is recovered through the service charges levied during the year

## Notes (continued)

### 4 Tax on loss on ordinary activities

	2012 £	2011 £
<i>a) Analysis of credit for the year</i>		
Consideration receivable for group relief		
Current year	6,000	-
	<hr/>	<hr/>
<i>b) Factors affecting the tax credit for the year</i>		
Loss on ordinary activities before taxation	26,377	1,340
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of 24.5% (2011 26.5%)	6,462	355
Disallowed expenses	(858)	-
Utilised losses brought forward	147	-
Other differences	249	(355)
	<hr/>	<hr/>
Current tax credit (see above)	6,000	-
	<hr/>	<hr/>

### c) Factors affecting the tax charge in future years

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 and the December 2012 Autumn Statement announced a planned further reduction to 21% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

### 5 Stocks – property held for trading

	2012 £	2011 £
Property held for trading at cost	758,600	726,310
	<hr/>	<hr/>

### 6 Debtors

	2012 £	2011 £
Rents and service charges due and accrued	280,565	259,995
Consideration receivable for group relief (note 4)	6,000	-
Other debtors	1,071	799
	<hr/>	<hr/>
	287,636	260,794
	<hr/>	<hr/>

## Notes (continued)

### 7 Creditors: amounts falling due within one year

	2012 £	2011 £
Amount due to immediate parent undertaking	658,262	598,537
Amount due to intermediate parent undertaking	19,386	2,017
Interest payable to intermediate parent undertaking	873,786	873,786
Rents and service charges charged and paid in advance	199,497	219,634
Shares classified as liabilities (note 8)	100	100
Other creditors and accruals	35,883	13,331
	<u>1,786,914</u>	<u>1,707,405</u>

### 8 Called up share capital

	2012 £	2011 £
<i>Alloted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
100 6% non-cumulative preference shares of £1 each	100	100
	<u>200</u>	<u>200</u>
	<u>2012 £</u>	<u>2011 £</u>
Shares classified as liabilities (note 7)	100	100
Shares classified in shareholders' funds	100	100
	<u>200</u>	<u>200</u>

The non-cumulative preference shares confer the rights on the holders to receive a non-cumulative dividend each year at the rate of 6% on the amounts paid up. These shares would rank above the ordinary shares and be redeemable at par in the event of a winding up of the company. There are insufficient reserves to pay a dividend.

### 9 Profit and loss account

	£
At 1 January 2012	(720,401)
Loss for the year after taxation	(20,377)
	<u>(740,778)</u>
At 31 December 2012	<u>(740,778)</u>

## Notes (continued)

### 10 Reconciliation of movements in shareholders' deficit

	2012 £	2011 £
Loss for the financial year	(20,377)	(1,340)
Opening shareholders' deficit	(720,301)	(718,961)
	<hr/>	<hr/>
Closing shareholders' deficit	(740,678)	(720,301)
	<hr/>	<hr/>

### 11 Charges on assets

The company has executed a floating charge over all the assets and undertaking of the company as part security for loan facilities granted to Centremanor (E S ) Limited, a subsidiary of an intermediate parent undertaking. At 31 December 2012 the aggregate indebtedness amounted to £30,425,000 (2011 £30,425,000)

### 12 Directors' interests in contracts

Day-to-day management of the company's properties is carried out by Highdorn Co Limited, one of the Freshwater Group of Companies, with which this company is closely associated. Mr BSE Freshwater is a director of Highdorn Co Limited and has a non-beneficial interest in the share capital of that company.

During the year £15,124 (2011 £3,681), including VAT, was payable to Highdorn Co Limited for the full range of management and administrative services which were charged for at normal commercial rates.

### 13 Ultimate parent undertaking

The parent undertaking of the largest group of undertakings for which group financial statements are drawn up is Centremanor Limited, a company registered in England and Wales.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up is Metropolitan Properties Company Limited, a company registered in England and Wales.

Copies of these financial statements can be obtained from the following address:

Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR

The ultimate parent undertaking is Linnet Limited, a company incorporated in the Isle of Man and controlled by trusts.

**Property revenue account**  
*for the year ended 31 December 2012*

	2012 £	£	2011 £	£
<b>Rents and charges receivable</b>		<b>179,079</b>		<b>86,269</b>
<b>Property outgoings</b>				
Local authority charges	1,246		3,294	
Ground rent payable	-		8	
Water rates	627		450	
Insurance	11,792		-	
Lighting and heating	15,616		11,491	
Porterage and cleaning	22,124		22,177	
Repairs and maintenance	113,557		69,906	
Legal and professional fees	11,898		1,562	
Letting commission	7,356		-	
Management commission	11,730		3,681	
	<hr/>		<hr/>	
		<b>(195,946)</b>		<b>(112,569)</b>
		<hr/>		<hr/>
<b>Net property deficit</b>		<b>(16,867)</b>		<b>(26,300)</b>
		<hr/>		<hr/>

This schedule is provided for information purposes only and does not form part of the audited financial statements