

COMPANY REGISTRATION NUMBER 01138461

**CRISTOBAL ESTATES LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

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**CRISTOBAL ESTATES LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

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# **CRISTOBAL ESTATES LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2013**

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2013.

### **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 £510,829. The directors have not recommended a dividend.

### **DIRECTORS**

The directors who served the company during the year were as follows:

B S E Freshwater

I M Katz

The Articles of Association of the company do not require the directors to retire by rotation. Neither director has a service contract, nor do they receive any emoluments from the company.

### **DIRECTORS' INTERESTS IN CONTRACTS**

Day-to-day management of the company's properties and its operations is carried out by Highdorn Co. Limited, a company in which Mr B S E Freshwater, a director of this company, is also a director and in which he has a non-beneficial interest in its share capital.

### **PROPERTIES**

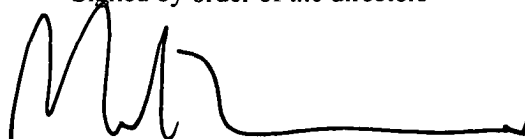
A professional valuation of all the Company's investment portfolio was carried out at 31 December 2013 by Colliers International Property Advisers UK LLP, RICS Registered Valuers. The valuation totalled £4.1 million (2012: £3.6 million) producing a surplus of £477,500 (2012: £411,650) which has been included in the profit and loss account.

### **DONATIONS**

During the year the company made no charitable donation nor political contribution.

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

Signed by order of the directors



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

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

**CRISTOBAL ESTATES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
<b>TURNOVER</b>		<b>197,435</b>	132,321
Property outgoings		<b>(111,200)</b>	(78,128)
<b>GROSS PROFIT</b>		<b>86,235</b>	54,193
Profit on disposal of investment property		<b>17,860</b>	14,564
Net valuation gains on investment property		<b>477,500</b>	411,650
Administrative Expenses		<b>(4,776)</b>	(4,560)
<b>OPERATING PROFIT</b>		<b>576,819</b>	475,847
Interest receivable and similar income		<b>28</b>	89
Interest payable and similar charges		<b>(51,018)</b>	(51,018)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>525,829</b>	424,918
Tax on Profit on Ordinary Activities	<b>3</b>	<b>(15,000)</b>	(66,000)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>510,829</b>	358,918

The notes on pages 6 to 15 form part of these financial statements.

**CRISTOBAL ESTATES LIMITED**

**BALANCE SHEET**

**31 DECEMBER 2013**

	Note	2013 £	2012 £
<b>FIXED ASSETS</b>			
Investment property	4	4,061,025	3,583,525
Investments	5	1	1
		<u>4,061,026</u>	<u>3,583,526</u>
<b>CURRENT ASSETS</b>			
Debtors	6	19,940	20,678
<b>CREDITORS: Amounts falling due within one year</b>	7	<u>(7,005,638)</u>	<u>(7,054,705)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(6,985,698)</u>	<u>(7,034,027)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(2,924,672)</u>	<u>(3,450,501)</u>
<b>PROVISIONS FOR LIABILITIES</b>	8	<u>(587,000)</u>	<u>(572,000)</u>
<b>NET LIABILITIES</b>		<u>(3,511,672)</u>	<u>(4,022,501)</u>
<b>CAPITAL AND RESERVES</b>			
Called-Up Equity Share Capital	11	2	2
Profit and Loss Account		<u>(3,511,674)</u>	<u>(4,022,503)</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>(3,511,672)</u>	<u>(4,022,501)</u>

For the year ended 31 December 2013 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- ☐ The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- ☐ The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with Financial Reporting Standard 102.

These accounts were approved by the directors and authorised for issue on **10 MAR 2015**, and are signed on their behalf by:

**B S E FRESHWATER**  
Director

Company Registration Number: 01138461

The notes on pages 6 to 15 form part of these financial statements.

**CRISTOBAL ESTATES LIMITED**  
**STATEMENT OF INCOME AND RETAINED EARNINGS**  
**YEAR ENDED 31 DECEMBER 2013**

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£
Balance at 1 January 2012	2	(4,381,421)	(4,381,419)
<b>Total comprehensive income for the period</b>			
Profit	-	358,918	358,918
Balance at 31 December 2012	<u>2</u>	<u>(4,022,503)</u>	<u>(4,022,501)</u>

	<b>Called up share capital</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£
Balance at 1 January 2013	2	(4,022,503)	(4,022,501)
<b>Total comprehensive income for the period</b>			
Profit	-	510,829	510,829
Balance at 31 December 2013	<u>2</u>	<u>(3,511,674)</u>	<u>(3,511,672)</u>

The balance on the profit and loss account at 31 December 2013 includes £2,709,907 of unrealised profits which are not available for distribution.

The notes on pages 6 to 15 form part of these financial statements.

**CRISTOBAL ESTATES LIMITED**  
**STATEMENT OF CASH FLOW**  
**YEAR ENDED 31 DECEMBER 2013**

	2013		2012	
	£	£	£	£
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>				
Operating Profit	576,819		475,847	
Net valuation gains on investment property	(477,500)		(411,650)	
Decrease/(Increase) in Debtors	738		(1,238)	
Decrease in Creditors	(100,057)		(62,959)	
	<hr/>		<hr/>	
Cash Generated from Operating Activities	—		—	
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>		—		—
<b>FINANCING ACTIVITIES</b>				
Interest Received	—		—	
Interest Paid	—		—	
	<hr/>		<hr/>	
Cash Generated from Financing Activities		—		—
<b>INCREASE IN CASH &amp; CASH EQUIVALENTS</b>		—		—
<b>CASH &amp; CASH EQUIVALENTS AT 1 JANUARY 2013</b>		—		—
	<hr/>		<hr/>	
<b>CASH &amp; CASH EQUIVALENTS AT 31 DECEMBER 2013</b>		—		—
	<hr/>		<hr/>	

**CASH & CASH EQUIVALENTS**

	At 1 Jan 2013	Cash flows	At 31 Dec 2013
	£	£	£
Cash in hand and at bank	—	—	—
Short term deposits	—	—	—
	<hr/>	<hr/>	<hr/>
Cash & cash equivalents	—	—	—
	<hr/>	<hr/>	<hr/>

The notes on pages 6 to 15 form part of these financial statements.

**CRISTOBAL ESTATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

Cristobal Estates 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 Company is exempt by virtue of s398 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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 on a going concern basis, notwithstanding the company’s net current liabilities as at 31 December 2013, since the directors have received an assurance from a connected company, Metropolitan Properties Company Limited, that it will continue to provide such cash resources as are required by the company for at least 12 months from the date of approval of these financial statements.

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 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.

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 January 2012 rather than commencement date of the arrangement.

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 directors, 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.



**CRISTOBAL ESTATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**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 directors consider 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.

**CRISTOBAL ESTATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**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.

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.

**CRISTOBAL ESTATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**2. PARTICULARS OF EMPLOYEES**

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

**3. TAXATION ON ORDINARY ACTIVITIES**

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

	2013 £	2012 £
Current tax :		
Corporation tax	-	-
UK Corporation tax based on the results for the year at 23% (2013 - 24%)	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	90,000	87,000
Change in tax rate	(75,000)	(21,000)
Total deferred tax	<u>15,000</u>	<u>66,000</u>
Total tax	<u>15,000</u>	<u>66,000</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:

	2013 £	2012 £
Profit on ordinary activities before taxation	<u>525,829</u>	<u>424,918</u>
Tax at the standard rate of corporation tax in the UK of 23% (2012: 24%)	120,941	101,980
Land remediation relief	(295)	-
Utilisation of losses brought forward	(10,821)	(3,184)
Timing differences on unrealised gains	(94,825)	(32,796)
Total tax (note 3(a))	<u>15,000</u>	<u>66,000</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 December 2013 has been calculated based on the rate of 20%.

**CRISTOBAL ESTATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**4. INVESTMENT PROPERTY**

	<b>Freehold Properties £</b>
<b>FAIR VALUE</b>	
At 1 January 2013	3,583,525
Revaluation	477,500
	<hr/>
<b>At 31 December 2013</b>	<b>4,061,025</b>
	<hr/> <hr/>

The historical cost of investment properties at 31 December 2013 is £764,118 (2012: £764,118).

An independent professional revaluation of all the Company's property was carried out at 31 December 2013 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 (2013).

**Valuation techniques and key inputs**

The company's residential apartments (£2.7 million) 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 in the range £630 to £650 per square foot.

The company's commercial units (£1.4 million) 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.

**CRISTOBAL ESTATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**5. INVESTMENTS**

**Investment in Subsidiary undertaking**

	£
<b>COST</b>	
At 1 January 2013 and 31 December 2013	<u>1</u>
<b>CARRYING AMOUNT</b>	
At 31 December 2013 and 31 December 2012	<u>1</u>

The company owns the whole of the issued share capital of Cristobal (PF) Limited, a company incorporated in England & Wales. A summary of the unaudited results for the year ended 31 December 2013 is as follows:

	2013	2012
	£	£
Aggregate Capital and Reserves	<u>(274)</u>	<u>(274)</u>

Under the provision of the Section 398 of the Companies Act 2006 the company is exempt from preparing Consolidated Accounts and has not done so. Therefore the Accounts show information about the company as an individual entity.

**6. DEBTORS**

	2013	2012
	£	£
Trade debtors	7,188	9,880
Other debtors	12,752	10,798
	<u>19,940</u>	<u>20,678</u>

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

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

	2013	2012
	£	£
Trade creditors	18,022	26,737
Other creditors	6,987,616	7,027,968
	<u>7,005,638</u>	<u>7,054,705</u>

Included in other creditors are amounts due to companies in which Mr B S E Freshwater, a director of this company, is also a director or governor and in certain of which he has either a beneficial or a non-beneficial interest. Included therein is an interest-free amount of £1,156,675 (2012 - £1,156,675) due to Henry Davies Developments Limited, which was previously interest bearing and which is effectively repayable on demand. At the balance sheet date, interest of £4,195,367 (2012 - £4,195,367) in respect of this loan was accrued and unpaid.

Other creditors also include an amount due to Highdorn Co. Limited (see note 10) of £637,731 (2012 - £637,731), which bears interest at variable rates and is repayable on demand. At the balance sheet date interest of £662,945 (2012 - £611,927) in respect of this loan was accrued and unpaid. Also included is an interest-free management balance due to Highdorn Co. Limited of £245,253 (2012 - £334,220).

**CRISTOBAL ESTATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**8. DEFERRED TAX LIABILITIES**

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

	£
At 1 January 2013	572,000
Charged to profit and loss account	15,000
At 31 December 2013	<u>587,000</u>

**9. FINANCIAL INSTRUMENTS**

	2013	2012
	£	£
<b>Financial assets measured at amortised cost:</b>		
Trade debtors	7,188	9,880
Other debtors	12,752	10,798
<b>Financial liabilities measured at amortised cost:</b>		
Trade creditors	18,022	26,737
Other creditors	<u>6,987,616</u>	<u>7,027,968</u>

**10. DIRECTORS' INTERESTS IN CONTRACTS**

Day-to-day management of the company's investment properties and its operations is carried out by Highdorn Co. Limited, a company in which Mr B S E Freshwater, a director of this company, is also a director and in which he has a non-beneficial interest in its share capital.

During the year £8,958 (2012 - £5,884) including VAT, was paid to Highdorn Co. Limited for the full range of management and administrative services which were charged for at normal commercial rates.

The Board considers that the Directors are the key management personnel of the company and neither Director receives any emoluments from the company.

**11. SHARE CAPITAL**

**Allotted, called up and fully paid:**

	2013		2012	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

**12. CHARGES AND GUARANTEES**

One of the company's investment properties with a market value at 31 December 2013 of £1,400,000 (2012 - £1,250,000) is charged as part security for loan facilities granted to the company by Highdorn Co. Limited, which at 31 December 2013 amounted to £637,731 (2012 - £637,731).

**13. CONTROLLING PARTY**

The company is controlled by Mr I M Katz, a director of the company, together with the Estate of Mr P Pizer.

**CRISTOBAL ESTATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**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 4). 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.

**CRISTOBAL ESTATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

**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 December 2013 and the comparative information presented in these financial statements for the year ended 31 December 2012.

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 January 2012			31 December 2012		
		Effect of transition to			Effect of transition to		
		UK GAAP	FRS 102	FRS 102	UK GAAP	FRS 102	FRS 102
		£	£	£	£	£	£
<b>Fixed assets</b>							
Investments		1	-	1	1	-	1
Investment properties	(i)	-	3,171,875	3,171,875	-	3,583,525	3,583,525
		<u>1</u>	<u>3,171,875</u>	<u>3,171,876</u>	<u>1</u>	<u>3,583,525</u>	<u>3,583,526</u>
<b>Current assets</b>							
Properties held for trading	(i)	764,118	(764,118)	-	764,118	(764,118)	-
Debtors		19,440	-	19,440	20,678	-	20,678
Cash at bank		-	-	-	-	-	-
		<u>783,558</u>	<u>(764,118)</u>	<u>19,440</u>	<u>784,796</u>	<u>(764,118)</u>	<u>20,678</u>
<b>Creditors : amounts due within one year</b>							
		(7,066,735)	-	(7,066,735)	(7,054,705)	-	(7,054,705)
<b>Net current liabilities</b>							
		<u>(6,283,177)</u>	<u>(764,118)</u>	<u>(7,047,295)</u>	<u>(6,269,909)</u>	<u>(764,118)</u>	<u>(7,034,027)</u>
<b>Provisions for liabilities</b>							
	(ii)	-	(506,000)	(506,000)	-	(572,000)	(572,000)
<b>Net liabilities</b>							
		<u>(6,283,176)</u>	<u>1,901,757</u>	<u>(4,381,419)</u>	<u>(6,269,908)</u>	<u>2,247,407</u>	<u>(4,022,501)</u>
<b>Capital and reserves</b>							
Called up share capital		2	-	2	2	-	2
Profit and loss account		(6,283,178)	1,901,757	(4,381,421)	(6,269,910)	2,247,407	(4,022,503)
<b>Equity shareholders' funds</b>							
		<u>(6,283,176)</u>	<u>1,907,757</u>	<u>(4,381,419)</u>	<u>(6,269,908)</u>	<u>2,247,407</u>	<u>(4,022,501)</u>



**CRISTOBAL ESTATES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2013**

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

*Reconciliation of profit/(loss) for the year to 31 December 2012*

		31 December 2012		
		Effect of transition to		
		UK GAAP	FRS 102	FRS 102
		£	£	£
Turnover		148,015	(15,694)	132,321
Property outgoings		(79,258)	1,130	(78,128)
<b>Gross profit</b>		<u>68,757</u>	<u>(14,564)</u>	<u>54,193</u>
Profit on disposal of investment property		-	14,564	14,564
Net valuation gains on investment property	(i)	-	411,650	411,650
Administrative Expenses		(4,560)	-	(4,560)
<b>Operating profit</b>		<u>64,197</u>	<u>411,650</u>	<u>475,847</u>
Interest receivable and similar income		89	-	89
Interest payable and similar charges		(51,018)	-	(51,018)
<b>Profit on ordinary activities before taxation</b>		<u>13,268</u>	<u>411,650</u>	<u>424,918</u>
Tax on profit on ordinary activities	(ii)	-	(66,000)	(66,000)
<b>Profit for the year</b>		<u><u>13,268</u></u>	<u><u>345,650</u></u>	<u><u>358,918</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.