

Company Registration No. 02671605 (England and Wales)

FARNBOROUGH PROPERTIES COMPANY
REPORT AND UNAUDITED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
30 MAY 2019

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FARNBOROUGH PROPERTIES COMPANY

COMPANY INFORMATION

Directors	Klosters Limited R Tchenguiz
Company number	02671605
Registered office	5th Floor Leconfield House Curzon Street London W1J 5JA
Accountants	RSM UK Tax and Accounting Limited Chartered Accountants One London Square Cross Lanes Guildford Surrey GU1 1UN

FARNBOROUGH PROPERTIES COMPANY

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 MAY 2019

The directors present their annual report and financial statements for the year ended 30 May 2019.

Principal activities

The company did not trade during the year having sold its investment property in a prior period.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

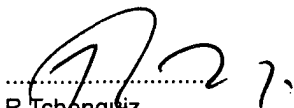
T J Smalley (Resigned 3 December 2018)

Klosters Limited

R Tchenguiz (Appointed 3 December 2018)

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



R Tchenguiz

Director

Date: 30/01/2020

ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS OF FARNBOROUGH PROPERTIES COMPANY ON THE UNAUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 MAY 2019

In order to assist you to fulfil your duties under the Companies Act 2006 ("the Act"), we prepared for your approval the financial statements of Farnborough Properties Company which comprise the statement of comprehensive income, the statement of financial position and the related notes in accordance with the financial reporting framework set out therein from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

This report is made solely to the Board of Directors of Farnborough Properties Company, as a body, in accordance with the terms of our engagement letter dated 28 September 2018. Our work has been undertaken solely to prepare for your approval the financial statements of Farnborough Properties Company and state those matters that we have agreed to state to them in accordance with ICAEW Technical Release 07/16 AAF. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights against RSM UK Tax and Accounting Limited for any purpose or in any context. Any party other than the Board of Directors which obtains access to this report or a copy and chooses to rely on this report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Tax and Accounting Limited will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

It is your duty to ensure that Farnborough Properties Company has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Farnborough Properties Company under the Act. You consider that Farnborough Properties Company is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Farnborough Properties Company. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

RSM UK Tax + Accounting Ltd

RSM UK Tax and Accounting Limited
Chartered Accountants
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

5 February 2020

FARNBOROUGH PROPERTIES COMPANY

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 MAY 2019

	2019 £	2018 £
Administrative expenses	(14,563)	(38,851)
Interest receivable and similar income	28,029	16,185
Profit/(loss) before taxation	13,466	(22,666)
Tax on profit/(loss)	-	-
Profit/(loss) for the financial year	13,466	(22,666)

FARNBOROUGH PROPERTIES COMPANY**STATEMENT OF FINANCIAL POSITION****AS AT 30 MAY 2019**

	Notes	2019 £	£	2018 £	£
Current assets					
Debtors	3	3,355		6,483	
Cash at bank and in hand		2,839,657		9,797,422	
		<u>2,843,012</u>		<u>9,803,905</u>	
Creditors: amounts falling due within one year	4	(12,073)		(6,986,432)	
Net current assets		<u>2,830,939</u>		<u>2,817,473</u>	
Capital and reserves					
Called up share capital	5	808,000		808,000	
Share premium account		9,648,501		9,648,501	
Profit and loss reserves		(7,625,562)		(7,639,028)	
Total equity		<u>2,830,939</u>		<u>2,817,473</u>	

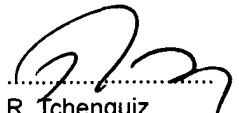
For the financial year ended 30 May 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The member has not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 30/01/2020 and are signed on its behalf by:



 R Tchenguiz
 Director

FARNBOROUGH PROPERTIES COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 MAY 2019

1 Accounting policies

Company information

Farnborough Properties Company is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is 5th Floor, Leconfield House, Curzon Street, London, W1J 5JA.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Non-going concern basis of preparation

As at 30 May 2019, the company's assets exceeded its liabilities by £2,830,939 (2018: £2,817,473) and it has obligations to related parties of £nil (2018: £5,339,419), which are due on demand, as detailed in note 6.

The Director is aware that the Trustees of the company's ultimate controlling party, the Tchenguiz Discretionary Trust ("TDT"), have been in litigation concerning the extent to which the TDT is liable in respect of loans due to certain overseas companies, now in liquidation, which were previously controlled by the TDT. The Guernsey courts, and the Privy Council, have ruled that the TDT is liable for the loans. In the view of the Director, the assets of the TDT may not be sufficient to enable the TDT to meet its obligations under these loans. However, as part of the outcome of separate litigation, the extent of the TDT's liability will ultimately be determined by the privy Council either in 2020 or 2021.

During the period of the earlier litigation Joint Receivers have been appointed in Guernsey, which is the jurisdiction where the TDT is administered, to stand in place of the Trustees of the TDT to maintain and, where appropriate, realise the assets of the TDT, including the TDT's shares in the company. No distribution can be made from these assets or the proceeds, however, without the consent of the Guernsey court.

Recent negotiations and litigation have resulted in a proposal to ring-fence cash within the TDT that will be used to pay the creditors once the quantum of their liabilities has been determined. As a result of the ringfencing arrangement, once this is in place, the Joint Receivers will be able to return the other assets of the TDT to the trustees.

The accounts have been drawn up on the basis that the company will continue to trade until the outcome is known of the negotiations concerning the loans from certain overseas companies to the TDT and until the Joint Receivers have completed the handover of the assets of the TDT to the Trustees, subject to the cash retention explained above. The accounts have not been prepared on the going concern basis as the continuance of the company after these events is uncertain. Accordingly, provisions have been made against the company's assets to reduce them to their expected realisable value in the event that the company has to dispose of, or demand repayment of, those assets.

FARNBOROUGH PROPERTIES COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

1 Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

FARNBOROUGH PROPERTIES COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

2 Employees

There were no employees during the year apart from the directors who received no emoluments (2018: £nil).

3 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Amounts owed by group undertakings	338	338
Other debtors	3,017	6,145
	<u>3,355</u>	<u>6,483</u>

4 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	-	7,975
Amounts owed to group undertakings	1,960	1,629,263
Other creditors	10,113	5,349,194
	<u>12,073</u>	<u>6,986,432</u>

FARNBOROUGH PROPERTIES COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 MAY 2019

5 Share capital and reserves

	2019 £	2018 £
Ordinary share capital		
Issued and fully paid		
404 'A' ordinary shares of £1,000 each	404,000	404,000
404 'B' ordinary shares of £1,000 each	404,000	404,000
	<u>808,000</u>	<u>808,000</u>

Ordinary share rights

The company's 'A' and 'B' ordinary shares rank *pari passu* in all respects except as regards to the appointment and removal of Directors.

Each class of shareholder can appoint two Directors, 'A' Directors and 'B' Directors.

In the event of a resolution being proposed at any General Meeting of the company for the removal of an 'A' Director or a 'B' Director, the 'A' shares, in the case of a resolution for the removal of an 'A' Director, and the 'B' shares, in the case of a resolution for the removal of a 'B' Director, shall upon a poll carry three votes per share.

Reserves

The reserves of the Company represent the following:

Profit and loss account

Cumulative profit and loss net of distributions to owners.

Share premium account

Consideration received for shares issued above their nominal value net of transaction costs.

6 Related party transactions

Included in other creditors is an amount of £nil (2018: £2,588,818) due to companies controlled by the Tchenguiz Discretionary Trust.

A loan provided by the company's ultimate controlling party was repaid during the year. No amounts were outstanding at the year end (2018: £2,750,601).

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

7 Parent company

The immediate parent company is Gatevalley Limited, a company incorporated in England and Wales.

The ultimate parent company is Kelucia Limited, a company incorporated in the British Virgin Islands.

The Directors consider the ultimate controlling party to be the Tchenguiz Discretionary Trust.