

Pier House (Freehold) Limited

STATEMENT OF UNAUDITED ACCOUNTS

for the year ended

25 March 2011



Company number 3230922

Pier House (Freehold) Limited

DIRECTORS' REPORT

The directors present their report and unaudited accounts for the year ended 25 March 2011

PRINCIPAL ACTIVITY

The company owns the freehold interest of Pier House, Cheyne Walk in the Royal Borough of Kensington and Chelsea

DIRECTORS


The directors in the company during the year were as follows

A F Hepburn
J G Harb
S P Gregory
S L Rose (appointed 24 March 2011)
B D White (appointed 24 March 2011)
A M Pardo (resigned 8 December 2010)
S C Taylor (resigned 19 November 2010)

SMALL COMPANIES EXEMPTIONS

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

By order of the Board



QUADRANT PROPERTY MANAGEMENT LIMITED
SECRETARY

Dated 19 December 2011

Pier House (Freehold) Limited
UNAUDITED PROFIT AND LOSS ACCOUNT
For the year ended 25 March 2011

	<i>Notes</i>	2011 £	2010 £
TURNOVER	2	818	937
Administration expenses		(14,595)	(3,347)
OPERATING LOSS		(13,777)	(2,410)
Surplus on grant of extended leases and licence for alterations		27,111	18,359
Interest receivable		576	1,749
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		13,910	17,698
Tax on profit on ordinary activities	3	4,750	10
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		18,660	17,708

UNAUDITED STATEMENT OF RECOGNISED GAINS AND LOSSES

	2011 £	2010 £
Profit for the financial year	18,660	17,708
Unrealised surplus on revaluation of investment property	754,689	1,814,950
Total gains and losses recognised since last report	773,349	1,832,658

Pier House (Freehold) Limited

UNAUDITED BALANCE SHEET

25 March 2011

Company number. 3230922

	Notes	£	2011 £	2010 £
FIXED ASSETS				
Investment property	4		2,600,000	1,850,000
CURRENT ASSETS				
Debtors	5	8,364		2,518
Cash at bank		83,342		69,439
		<u>91,706</u>		<u>71,957</u>
CREDITORS amounts falling due within one year	6	(35,086)		(38,686)
NET CURRENT ASSETS			<u>56,620</u>	<u>33,271</u>
NET ASSETS			<u>2,656,620</u>	<u>1,883,271</u>
CAPITAL AND RESERVES				
Called up share capital	7		107	107
Revaluation reserve	8		2,569,639	1,814,950
Profit and loss account	9		86,874	68,214
SHAREHOLDERS' FUNDS			<u>2,656,620</u>	<u>1,883,271</u>

For the year ending 25 March 2011 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies and its members have 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 Act with respect to accounting records and the preparation of financial statements

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the board of directors and authorised for issue on 19 December 2011 and are signed on its behalf by



B D WHITE
DIRECTOR

Pier House (Freehold) Limited

NOTES TO THE UNAUDITED ACCOUNTS

for the year ended 25 March 2011

1 ACCOUNTING POLICIES

(i) Basis of preparation

The financial statements have been prepared as a going concern under the historical cost convention, as modified by the revaluation of investment property and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

(ii) Turnover

Turnover represents ground rents receivable

(iii) Investment property

The investment property is revalued annually and any surplus is transferred to a revaluation reserve. No depreciation is provided. This is a departure from the requirements of the Companies Act 1985 but, in the view of the directors, is necessary for the financial statements to give a true and fair view. The amount of depreciation which might otherwise have been provided cannot be quantified.

(iv) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is recognised in the Statement of Recognised Gains and Losses on revaluations where at the balance sheet date there is a binding agreement to sell the asset and the gain or loss expected to arise on the sale has been recognised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse based on the tax rates and laws that have been enacted or substantively enacted by the balance sheet date on a non-discounted basis.

2 TURNOVER

All of the company's turnover is attributable to the UK.

3 TAXATION

	2011 £	2010 £
UK corporation tax on results of current year	4,499	-
Adjustments in respect of previous periods	(9,249)	(10)
Tax credit	<u>(4,750)</u>	<u>(10)</u>

Prior to 2010, corporation tax had been provided and paid on deemed gains arising on the extension of leases to shareholders who acquired the right to have their leases extended to 999 years without further payment, other than legal expenses. This provision was based on the value of the extension at the time of the grant. However, the directors consulted tax counsel who expressed the opinion that any gain arising relates only to the initial right granted and not to any subsequent lease extension. Amended tax returns have been submitted to HM Revenue & Customs and a repayment of corporation tax has been received.

Pier House (Freehold) Limited

NOTES TO THE UNAUDITED ACCOUNTS (CONTINUED) for the year ended 25 March 2011

4	INVESTMENT PROPERTY	Freehold £
	Valuation at 26 March 2010	1,850,000
	Disposals	(4,689)
		<hr/> 1,845,311
	Surplus arising on revaluation in the year	754,689
		<hr/> 2,600,000
	Valuation at 25 March 2011	<hr/> <hr/> 2,600,000

The valuation of the investment property was made as at 25 March 2011 by the directors on the basis of open market value. This assessment is based upon an assumption that a lessee would approach the company to extend their lease seeking to acquire a 90 year extension under the Leasehold Reform, Housing & Urban Development Act 1993. The figure represents the collective sum of the 22 flats owned by the company.

The investment property has a historical cost of £30,361 (2010 £35,050).

The potential taxation liability if the investment property was sold in totality at its book amount is approximately £675,000. If it is sold by granting lease extensions over a number of years, which is more likely, the potential taxation liability based on current rates is approximately £520,000.

5	DEBTORS	2011 £	2010 £
	Corporation tax	4,750	-
	Other debtors	3,614	2,518
		<hr/> 8,364	<hr/> 2,518

6	CREDITORS amounts falling due within one year	2011 £	2010 £
	Shareholders' loans	26,800	33,600
	Other creditors	8,286	5,086
		<hr/> 35,086	<hr/> 38,686

7	SHARE CAPITAL	2011 £	2010 £
	Authorised		
	136 ordinary shares of £1 each	136	136
		<hr/>	<hr/>
	Allotted, issued and fully paid		
	107 ordinary shares of £1 each	107	107
		<hr/>	<hr/>

8	REVALUATION RESERVE	£
	Balance at 26 March 2010	1,814,950
	Surplus arising on the revaluation of the investment property	754,689
		<hr/> 2,569,639
	Balance at 25 March 2011	<hr/> <hr/> 2,569,639

Pier House (Freehold) Limited

NOTES TO THE UNAUDITED ACCOUNTS (CONTINUED) for the year ended 25 March 2011

9 PROFIT AND LOSS ACCOUNT

£

At 26 March 2010	68,214
Profit for the financial year	18,660
At 25 March 2011	<u>86,874</u>

10 RELATED PARTY TRANSACTIONS

The company instructed its lessee, Pier House (Cheyne Walk) Management Limited, to grant an extended lease to 8 (2010 nil) shareholders of the company. At 25 March 2011 the company was owed £3,576 (2010 £2,518) by Pier House (Cheyne Walk) Management Limited.