

**Skillgreat Limited**

**Directors' report and financial  
statements**

Registered number 04066859

For the year ended 31 December 2014

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

### Principal activity

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

### Results and dividends

The result for the year ended 31 December 2014 is set out in the attached financial statements.

The directors do not recommend the payment of a dividend (2013: *£nil*).

### Property

A professional valuation of the company's investment properties was carried out at 31 December 2014 by the company's valuers, Colliers International. The resultant figures have been included in the financial statements under review and the surplus of £70,000 above previous book values (2013: *deficit £160,000*) has been transferred to revaluation reserve.

### Directors

The directors who held office during the year are:

Mr BSE Freshwater  
Mr D Davis

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

The directors do not have service contracts and do not receive any emoluments from the company.

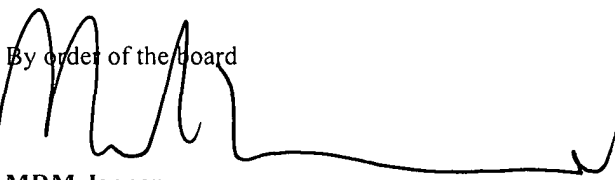
### Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

### Auditor

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

  
MRM Jenner  
Secretary

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

10 September 2015

## **Report of the independent auditor, KPMG LLP, to the members of Skillgreat Limited**

We have audited the financial statements of Skillgreat Limited for the year ended 31 December 2014 set out on pages 5 to 15. 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 auditor**

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 Ethical Standards for Auditor.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website 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 2014 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 independent auditor, KPMG LLP, to the members of Skillgreat 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Andrew Marshall (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants

15 Canada Square  
London E14 5GL

**29** September 2015

**Profit and loss account**  
*for the year ended 31 December 2014*

	<i>Note</i>	<b>2014</b> £	<b>2013</b> £
Rents and charges receivable		<b>391,331</b>	303,242
Property outgoings		<b>(152,472)</b>	(57,960)
		<hr/>	<hr/>
Administrative expenses		<b>238,859</b> <b>(21,500)</b>	245,282 (34,000)
		<hr/>	<hr/>
<b>Operating profit</b>		<b>217,359</b>	211,282
Interest receivable	2	135	24,728
Interest payable	3	<b>(242,276)</b>	(269,320)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	4	<b>(24,782)</b>	(33,310)
Tax on loss on ordinary activities	5	<b>5,000</b>	8,000
		<hr/>	<hr/>
<b>Loss for the financial year</b>	11	<b>(19,782)</b>	(25,310)
		<hr/>	<hr/>

All of the company's activities are continuing.

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

The notes on pages 8 to 15 form part of these financial statements

**Statement of total recognised gains and losses**  
*for the year ended 31 December 2014*

	2014 £	2013 £
Loss for the financial year	(19,782)	(25,310)
Unrealised Surplus/Deficit on revaluation of investment properties	70,000	(160,000)
<b>Total recognised losses for the year</b>	<b>50,218</b>	<b>(185,310)</b>

The notes on pages 8 to 15 form part of these financial statements

**Balance sheet**  
*as at 31 December 2014*

	Note	2014	2013
		£	£
<b>Fixed assets</b>			
Investment properties	6	2,935,000	2,865,000
<b>Current assets</b>			
Debtors	7	296,223	255,984
Cash at bank		9,506	9,501
		<u>305,729</u>	<u>265,485</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(2,722,618)</u>	<u>(2,562,592)</u>
<b>Net current liabilities</b>		<u>(2,416,889)</u>	<u>(2,297,107)</u>
<b>Total assets less current liabilities</b>		<u>518,111</u>	<u>567,893</u>
<b>Creditors: amounts falling due after more than one year</b>	9, 14	<u>(2,120,000)</u>	<u>(2,220,000)</u>
<b>Net liabilities</b>		<u>(1,601,889)</u>	<u>(1,652,107)</u>
<b>Capital and reserves</b>			
Called up share capital	10	1	1
Revaluation reserve	11	(1,667,472)	(1,737,472)
Profit and loss account	11	65,582	85,364
<b>Equity shareholders' deficit</b>	12	<u>(1,601,889)</u>	<u>(1,652,107)</u>

The notes on pages 8 to 15 form part of these financial statements

These financial statements were approved by the board of directors on 10 September 2015 and were signed on its behalf by:

  
**BSE Freshwater**  
Director

Company Registered Number: 4066859

## 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, as adjusted by the policy of accounting for investment properties referred to below 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 Centremanor Limited, the company's parent undertaking. The Centremanor Group has considerable financial resources together with a large property portfolio and access to credit facilities. Centremanor 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.

#### *Taxation*

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

##### *Current:*

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

##### *Deferred:*

Deferred tax is recognised in respect of all timing differences between the treatment of certain items for taxation and accounting purposes that have arisen but not reversed at the balance sheet date, except that:

(i) provision is not made in respect of property revaluation surpluses unless the sale has been completed and rollover relief is not available to cover any gain arising; and

(ii) deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable profits from which the future reversal of the relevant timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates which apply at the balance sheet date.



## **Notes (continued)**

### ***Investment properties***

In accordance with Statement of Standard Accounting Practice No 19, investment properties are revalued annually. Surpluses or deficits arising are taken to the revaluation reserve. Any permanent diminution is taken to the profit and loss account for the year. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards certain of the Company's investment properties, may be a departure from the requirements of the Companies' Acts 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 and amortisation are only two of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Leases having an unexpired term of less than 20 years are amortised evenly over the remaining year of the lease.

### ***Sales of investment properties***

It is the Company's business to sell, as individual units, flats in residential blocks which have been held as investments but which are now considered uneconomic to retain. Occasionally, there are sales of residential and commercial investment blocks. Since such sales of all types of investment property are expected to continue, the resulting surplus based on the excess of sales proceeds over valuation is included within the Company's profit on ordinary activities, and taxation applicable thereto is shown as part of the taxation charge.

### ***Acquisitions and disposals of properties***

Acquisitions and disposals of properties are accounted for at the date of unconditional exchange of contracts.

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

Under Financial Reporting Standards 1 *Cash Flow Statements* (FRS 1) 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 immediate holding company 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 Centremanor Properties Company Limited group companies.

### ***Turnover***

Turnover comprises rents and service charges receivable. Rental income from investment property leased out under operating leases is recognised in the profit and loss account on a straight line basis over the year to first break clause or reversion to market rent. Lease incentives granted to tenants are recognised on a straight line basis over shorter of the year to first break clause or reversion to market rent. Service charge income is recognised as the services are provided.

### ***Property Outgoings***

The costs of repairs are recognised in the profit and loss account in the year in which they are incurred.

Lease payments under operating leases are recognised in the profit and loss account on a straight line basis over the term of the lease.

## Notes (continued)

### 2 Interest receivable

	2014 £	2013 £
Interest on arrears	-	24,713
Other Interest receivable	135	15
	<u>135</u>	<u>24,728</u>

### 3 Interest payable

	2014 £	2013 £
Mortgage interest payable	136,276	142,320
Group finance charges	106,000	127,000
	<u>242,276</u>	<u>269,320</u>

### 4 Profit on ordinary activities before taxation

	2014 £	2013 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditor's remuneration for audit services	16,000	28,500
	<u>16,000</u>	<u>28,500</u>

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

Apart from the directors, there were no other employees of the company during the year or in the previous year.

## Notes (continued)

### 5 Tax on profit on ordinary activities

	2014 £	2013 £
<i>a) Analysis of charge for the year</i>		
Consideration (receivable) for group relief:		
Current year	(5,000)	(8,000)
	<u>          </u>	<u>          </u>
<i>b) Factors affecting the tax charge for the year</i>		
Loss on ordinary activities before taxation	(24,782)	(33,310)
	<u>          </u>	<u>          </u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013: 23.25%)	(5,328)	(7,745)
Sundry differences	328	(255)
	<u>          </u>	<u>          </u>
Current tax (credit)	(5,000)	(8,000)
	<u>          </u>	<u>          </u>

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

A reduction in the UK corporation tax rate from 23% to 21 % (effective from 1 April 2014) was substantially enacted on 2 July 2013. A further reduction in the UK corporation tax rate from 21 % to 20% (effective from 1 April 2015) was substantially enacted on 2 July 2013. In July 2015 the Government announced further reductions in the UK Corporation Tax rate to 19% by 1 April 2017 and to 18% by 1 April 2020. This will reduce the Company's future tax charge accordingly.

The deferred tax liability at 31 December 2014 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

The potential deferred taxation liability at 31 December 2014 in respect of the revaluation of investment property, for which no provision has been made, is estimated at £334,000 (2013: £348,000).

## Notes (continued)

### 6 Investment properties

	£
<i>Land and buildings (freehold properties):</i>	
Valuation	
At 31 December 2013	2,865,000
Surplus on revaluation (note 11)	70,000
	<hr/>
<b>At 31 December 2014</b>	<b>2,935,000</b>
	<hr/> <hr/>

A professional valuation of the company's investment properties was carried out at 31 December 2014 by the company's valuers, Colliers CRE. The valuation figures are based on open market value assessed in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes.

The relevant amounts determined under the historical cost convention of land and buildings included in the financial statements at valuation are as follows:

	£
<i>Cost:</i>	
<b>At 31 December 2014</b>	<b>4,062,472</b>
	<hr/> <hr/>

### 7 Debtors

	2014 £	2013 £
Rents and charges receivable	109,968	119,989
Amount due from fellow subsidiary undertaking	32,786	57,291
Consideration receivable for group relief	13,000	40,000
Other debtors and prepayments	140,469	38,704
	<hr/>	<hr/>
	<b>296,223</b>	<b>255,984</b>
	<hr/> <hr/>	<hr/> <hr/>

## Notes (continued)

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

	2014 £	2013 £
Mortgage repayment (note 9)	100,000	100,000
Rents and service charges charged and paid in advance	69,008	104,381
Amount due to immediate parent undertaking	2,476,485	2,284,676
VAT creditor	8,576	15,322
Other creditors and accruals	68,549	58,213
	<u>2,722,618</u>	<u>2,562,592</u>

### 9 Creditors: amounts falling due after more than one year

	Interest %	2014 £	2013 £
Mortgage repayable in instalments terminating in 2021	6	2,220,000	2,320,000
Amounts repayable prior to 1 January 2016 (note 8)		(100,000)	(100,000)
		<u>2,120,000</u>	<u>2,220,000</u>

## Notes (continued)

### 10 Called up share capital

	2014 £	2013 £
<i>Allotted and called up</i>		
1 ordinary share of £1	1	1
	<u>          </u>	<u>          </u>

### 11 Reserves

	£	£
<b>Revaluation reserve:</b>		
At 1 January 2014	(1,737,472)	
Surplus on revaluation of investment properties (note 6)	70,000	
	<u>          </u>	
<b>At 31 December 2014</b>		(1,667,472)
<b>Profit and loss account:</b>		
At 1 January 2014	85,364	
Loss for the financial year	(19,782)	
	<u>          </u>	
<b>At 31 December 2014</b>		65,582
		<u>          </u>
<b>Total reserves at 31 December 2014</b>		<u><u>(1,601,890)</u></u>

### 12 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Loss for the financial year	(19,782)	(25,310)
Unrealised Surplus/(deficit) on revaluation of investment properties	70,000	(160,000)
	<u>          </u>	<u>          </u>
Net increase in shareholders' funds	50,218	(185,310)
Opening shareholders' (deficit)	(1,652,107)	(1,466,797)
	<u>          </u>	<u>          </u>
<b>Closing shareholders' deficit</b>	<u><u>(1,601,889)</u></u>	<u><u>(1,652,107)</u></u>

## Notes (continued)

### 13 Directors' interests in contracts

The majority of the 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 £14,624 (2013: £25,244), excluding VAT, was paid to Highdorn Co. Limited for these services which were charged for at normal commercial rates.

### 14 Charges and guarantees

The company's investment properties with a book value of £ 2,935,000 (2013: 2,865,000) have been charged as part security for loan facilities granted to the company and a fellow subsidiary undertaking, which at 31 December 2014 aggregated £6,693,812 (2013: £6,970,666).

An unlimited guarantee has also been given by the company's immediate parent undertaking, Centremanor Limited in respect of the aforementioned loan facilities.

### 15 Ultimate parent undertaking

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

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 2014*

	2014	2013
	£	£
<b>Rents and charges receivable</b>	<b>391,331</b>	<b>303,242</b>
<b>Property outgoings</b>		
Service Charge payable	1,600	(29,030)
General and water rates	40,891	17,644
Insurance	2,938	385
Lighting and heating	2,140	1,205
Porterage and cleaning	12,087	14,180
Repairs and maintenance	38,911	23,587
Letting commission	-	9,750
Management commission	14,624	10,591
Legal and professional fees	39,281	9,648
	<u>(152,472)</u>	<u>(57,960)</u>
<b>Net property revenue</b>	<b>238,859</b>	<b>245,282</b>

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