

Frasers Riverside Quarter Limited

**Directors' report and financial
statements**

Registered number 04126958

30 September 2011

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Company information

Directors

SJP Lear
Dr SSH Quek
SK Chia

Secretary

Valad Secretarial Services Limited
SK Ng

Company number

04126958

Auditors

KPMG Audit Plc
Park Row
Nottingham
NG1 6FQ

Registered Office

81 Cromwell Road
London
SW7 5BW

Directors' report

The directors present their report together with the audited financial statements for the year ended 30 September 2011

Principal activities

The principal activity of the company is that of residential property development

Results

Details of the results for the year are shown in the attached profit and loss account.

Business review

The basic KPI ('Key Performance Indicator') which the Company uses is the financial indicator of Gross Profit, which represents the development surplus from the Wandsworth Riverside Quarter site. Sales activity has been minimal in the year whilst construction activity for Phase 3 of the development has commenced in order to construct a scheme comprising 521 residential units and 3,340 sq m of commercial units.

Dividend

The directors do not recommend a final dividend in respect of the year ended 30 September 2011 (2010: £nil). No interim dividend was paid during the year (2010: £nil).

Directors

The directors who served during the year and to the date of this report are as follows:

SJP Lear
Dr SSH Quek
SK Chia

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 they ought to have taken as a director to make themselves 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, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

By order of the Board



SK Ng
Company Secretary

16.02.2012..

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 judgments 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 independent auditor to the members of Frasers Riverside Quarter Limited

We have audited the financial statements of Frasers Riverside Quarter Limited for the year ended 30 September 2011 set out on pages 5 to 12. 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 auditors' 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 3, 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/apb/scope/private.cfm

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 30 September 2011 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.

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

Philip Charles (*Senior Statutory Auditor*)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham NG1 6FQ

Dated 16.02.12

Profit and loss account
for the year ended 30 September 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	2	87	862
Cost of sales		-	(765)
		<hr/>	<hr/>
Gross profit		87	97
Administrative expenses		(744)	-
		<hr/>	<hr/>
Operating (loss)/profit		(657)	97
Interest receivable and similar income	<i>3</i>	7	19
Income payable and similar charges	<i>4</i>	(4,069)	-
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before tax	5	(4,719)	116
Taxation on (loss)/profit on ordinary activities	8	-	(171)
		<hr/>	<hr/>
Loss on ordinary activities after taxation	14	(4,719)	(55)
		<hr/> <hr/>	<hr/> <hr/>

In both the current and preceding year the company made no material acquisitions and had no discontinued operations

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account

Balance sheet
as at 30 September 2011

	Note	2011 £000	2010 £000	£000
Current assets				
Stock	9	74,860	62,721	
Debtors	10	474	120	
Cash at bank and in hand		1,803	-	
		<u>77,137</u>	<u>62,841</u>	
Creditors: amounts falling due within one year	11	<u>(16,068)</u>	<u>(56,417)</u>	
Net current assets		61,069		6,424
Total assets less current liabilities		61,069		6,424
Creditors: amounts falling due after more than one year	12	<u>(31,507)</u>		<u>-</u>
Net assets		<u>29,562</u>		<u>6,424</u>
Capital and reserves				
Called up share capital	13	-		11
Profit and loss account	14	<u>29,562</u>		<u>6,413</u>
Equity shareholders' funds	15	<u>29,562</u>		<u>6,424</u>

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



Dr SSH Quek
Director

16.02.2012

Company number : 04126958

Notes

(forming part of these 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 financial statements

Basis of accounting

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards

Going concern

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate for the reasons set out below

The Company is part of the Frasers Property (UK) Limited group ('the Group') During the year the directors reached an agreement with both the Bank and the Group's major shareholder to restructure the Group's finances The restructuring, which was completed in December 2010, included the Bank's agreement to subscribe for equity in consideration for the release of a proportion of the outstanding debt, new Bank facilities, an injection of new equity, the provision of new debt facilities by the group's major shareholder and the sale of certain investment properties to the group's major shareholder Following the restructure the Company now has sufficient facilities to complete the next phase of the Riverside Quarter development As such the directors believe it is appropriate to prepare the financial statements on a going concern basis

Cash flow statement

Under FRS 1, the company is exempt from preparing a cash flow statement as it is a wholly owned subsidiary of Frasers Property (UK) Limited which publishes consolidated financial statements that include Frasers Riverside Quarter Limited

Turnover

Turnover represents income receivable from residential property development

Revenue recognition

On traditional developments, properties are treated as sold and profit is recognised when contracts are exchanged and the building work is physically complete On complex multi unit developments, revenue and profit are recognised on a staged basis, commencing when the building work is substantially complete, which is defined as being plastered and when contracts are exchanged

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value Cost includes all direct expenditure incurred on the development of the site This will normally comprise the cost of land, associated professional charges, labour and materials and site overheads and site interest but excludes central overheads Finance costs that have been paid during the period or are an obligation at the balance sheet date are added to the cost of a site during the construction phase at the rates applicable to the company's general borrowings that are outstanding during the period of construction Deferred finance charges related to the property under construction are not capitalised and are expensed to profit and loss Net realisable value in relation to residential developments whether in the course of construction or completed is based on the estimated revenue less the costs to be incurred in completing, if appropriate, and selling the remaining units on each development The assessment of net realisable value is based on an open market basis

Long term contracts are assessed on a contract by contract basis When the outcome of a long term contract can be assessed with reasonable certainty, an appropriate level of attributable profits or any foreseeable losses is recognised in the profit and loss account

Notes (continued)

1 Accounting policies (continued)

Cost of sales

Cost of sales in respect of development properties is calculated by reference to each development as the proportion of the total costs incurred when compared to the total estimated costs of completion

Cost of sales in respect of those development properties considered to be long-term contracts is calculated based upon the costs incurred, the stage of completion and the total estimated costs of completion

Taxation

The charge or credit for taxation is based on the results for the year as adjusted for disallowable items. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19. Provision is made at the rate which is expected to be applied when the liability is expected to crystallise. Deferred tax assets are recognised only to the extent that they are regarded as recoverable in the foreseeable future.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Interest receivable and similar income

	2011 £000	2010 £000
Bank interest receivable	7	19

4 Interest payable and similar charges

	2011 £000	2010 £000
Bank interest payable	687	-
Deferred finance charge (note 12)	3,382	-
	<u>4,069</u>	<u>-</u>

5 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities is stated after charging

	2011 £000	2010 £000
<i>Auditor's remuneration</i>		
- audit of these financial statements	4	2
- other services relating to taxation	2	2

Notes (continued)

6 Directors

The directors received no remuneration in respect of their services to the company during the year (2010 £nil)

7 Employee information

The company had no employees other than the directors (2010 nil)

8 Taxation on (loss)/profit on ordinary activities

	2011 £000	2010 £000
<i>UK corporation tax</i>		
Current tax on income for the year	-	32
Adjustments in respect of prior years	-	139
	<hr/>	<hr/>
Total current tax charge	-	171
	<hr/>	<hr/>

Factors affecting the tax (credit)/ charge for the current year

The current tax charge for the year is lower (2010 higher) than the standard rate of corporation tax in the UK of 27% (2010 28%) The differences are explained below

	2011 £000	2010 £000
<i>Current tax reconciliation</i>		
(Loss)/profit on ordinary activities before taxation	(4,719)	116
	<hr/>	<hr/>
Current tax at 27% (2010 28%)	(1,274)	32
<i>Effects of</i>		
Expenses not deductible for tax purposes	59	-
Unrecognised losses carried forward	1,215	-
Adjustment in respect of prior periods	-	139
	<hr/>	<hr/>
Total current tax charge	-	171
	<hr/>	<hr/>

Factors that may affect future tax charges

Future tax charges may be reduced by the availability of brought forward tax losses within the company

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011 The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively

This will reduce the company's future current tax charge accordingly The potential deferred tax asset at 30 September 2011 disclosed below has been calculated based on the rate of 25% substantively enacted at the balance sheet date

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's potential deferred tax asset accordingly

Notes (continued)

8 Taxation on (loss)/profit on ordinary activities (continued)

Deferred tax

The following deferred tax assets have not been recognised at 25% (2010 27%)

	2011 £000	2010 £000
Tax losses carried forward	1,125	-

A deferred tax asset in relation to the losses carried forward has not been recognised as there is uncertainty concerning whether or not the asset is recoverable in the foreseeable future

9 Stock

	2011 £000	2010 £000
Work in progress	73,963	61,824
Properties held for resale	897	897
	<u>74,860</u>	<u>62,721</u>

Work in progress includes £10,077,556 (2010 £9,578,097) of capitalised interest

10 Debtors

	2011 £000	2010 £000
Trade debtors	12	18
Other debtors	64	102
Amounts owed by group undertakings	398	-
	<u>474</u>	<u>120</u>

11 Creditors: amounts falling due within one year

	2011 £000	2010 £000
Bank overdraft	-	52,584
Trade creditors	482	694
Amounts owed to group undertakings	13,504	1,961
Other creditors	671	-
Accruals and deferred income	1,411	1,178
	<u>16,068</u>	<u>56,417</u>

Notes (continued)

12 Creditors: amounts falling due after more than one year

	2011 £000	2010 £000
Bank loan	28,125	-
Other creditors	3,382	-
	<u>31,507</u>	<u>-</u>

During the year the company successfully re-financed its debt and entered into a new £28,125,000 debt facility with the Bank of Scotland. Interest on the facility is charged at a rate of 2.90% above LIBOR and is due for repayment in December 2014. The terms of the facility also include a deferred finance charge which entitles the Bank of Scotland to a return ('LPS return'), based upon a percentage of any future profits arising on the development property held by the company. Amounts are payable under the LPS return are due when the property secured by the loan is sold or based upon a valuation performed within 2 years of practical completion, whichever is the sooner. The directors have estimated the future sales values of the properties and therefore the amounts payable under the LPS return and included a deferred finance charge in these financial statements to provide a constant rate of interest on the carrying value of the debt.

The amount charged and accrued as a deferred finance charge in the year totals £3,382,000 and is included within other creditors.

13 Share capital

	2011 £000	2010 £000
<i>Allotted, called up and fully paid</i>		
1 Ordinary shares of 1 pence each (2010 1,052,632)	-	11
	<u>-</u>	<u>11</u>

During the year the company issued one 1p Ordinary share at a premium of £27,856,514. Subsequently, following a solvency statement issued by the directors, the company reduced its share capital by £10,526 and share premium by £27,856,514 (note 14).

14 Reserves

	Share premium £000	Profit and loss reserve £000
Opening balance	-	6,413
Loss for the year	-	(4,719)
Ordinary share issued during the year	27,857	-
Reduction in share capital (note 13)	(27,857)	27,868
	<u>-</u>	<u>27,868</u>
Closing balance	-	29,562

Notes (continued)

15 Reconciliation of movement in equity shareholders' funds

	2011 £000	2010 £000
Loss for the year	(4,719)	(55)
Ordinary share issued during the year	27,857	-
	<hr/>	<hr/>
Net movement in shareholders' funds	23,138	(55)
Opening equity shareholders' funds	6,424	6,479
	<hr/>	<hr/>
Closing equity shareholders' funds	29,562	6,424
	<hr/>	<hr/>

16 Ultimate controlling party

The company is a wholly owned subsidiary of Frasers Property (UK) Limited, a company registered in England and Wales

The ultimate parent and controlling company is Frasers and Neave, Limited, a company registered in Singapore. Copies of these financial statements can be requested from Frasers and Neave, Limited, 438 Alexandra Road, Alexandra Point, Singapore 119958

The smallest group for which consolidated financial statements are prepared is headed by Frasers Property (UK) Limited. Copies of the financial statements of Frasers Property (UK) Limited can be requested from 81 Cromwell Road, London, SW7 5BW

17 Related party transactions

As the company is a subsidiary of Frasers Property (UK) Limited the company has taken advantage of the exemption in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group