

CHESTNUTBAY LIMITED

Annual report and financial statements for the year ended 28 February 2013

Registered number **04134749**

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CHESTNUTBAY LIMITED

Annual report and financial statements for the year ended 28 February 2013

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CHESTNUTBAY LIMITED

Director and advisers

Director

A T Morris

Company secretary and registered office

A Sage
Asquith House
34 Germain Street
Chesham
Buckinghamshire
HP5 1LH

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
10 Bricket Road
St Albans
Hertfordshire
AL1 3JX

CHESTNUTBAY LIMITED

Registered number 04134749

Director's report for the year ended 28 February 2013

The director presents his report and the audited financial statements of the company for the year ended 28 February 2013

Principal activities

The principle activity of the company in the year under review was that of a holding company

Review of business and future developments

The company does not currently trade and the director expects that the present level of activity will be sustained for the foreseeable future

Dividends and transfers to reserves

The director does not recommend the payment of a dividend (2012 £nil)

Directors

The directors of the company during the year and up to the approval of these financial statements, is set out below

A T Morris

Qualifying third party indemnity provisions

At the time the report is approved there is a qualifying third party indemnity provision in place for the benefit of the director under a policy taken out by the parent company, Conchord Limited

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the group and are not managed separately. Accordingly, the principal risks and uncertainties of Conchord Limited, which include those of the company, are discussed on page 3 of the group's annual report which does not form part of this report

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

CHESTNUTBAY LIMITED

Registered number 04134749

Director's report for the year ended 28 February 2013

Statement of director's responsibilities

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to

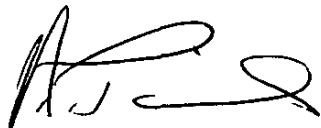
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to Auditors

- (a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) he has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



A T Morris

Director

4 September 2013

CHESTNUTBAY LIMITED

Independent auditors' report to the members of Chestnutbay Limited

We have audited the financial statements of Chestnutbay Limited for the year ended 28 February 2013 which comprise the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of the director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page 4, the director is 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 Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 28 February 2013,
- have been properly prepared in accordance with United Kingdom 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CHESTNUTBAY LIMITED

Independent auditors' report to the members of Chestnutbay 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 director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Andrew Latham (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

4th September 2013


CHESTNUTBAY LIMITED

Balance Sheet as at 28 February 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments	5	<u>1,950</u>	<u>1,950</u>
Net current assets		<u>1,950</u>	<u>1,950</u>
Total assets less current liabilities		<u>1,950</u>	<u>1,950</u>
Creditors amounts falling due after more than one year	6	(5,021)	(5,021)
Net liabilities		<u>(3,071)</u>	<u>(3,071)</u>
Capital and reserves			
Called up share capital	7	497	497
Share premium account	8	1,585	1,585
Profit and loss account	8	(5,153)	(5,153)
Total shareholders' deficit	9	<u>(3,071)</u>	<u>(3,071)</u>

No profit and loss account has been presented on the grounds that the company has not undertaken any trading activity in the current or prior year

The financial statements on pages 7 to 11 were approved and signed by the director on 4th September 2013



A T Morris
Director

Registered number 04134749

CHESTNUTBAY LIMITED

Notes to the financial statements for the year ended 28 February 2013

1 Principal accounting policies

The financial statements have been prepared on a going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of preparation - going concern

The director has obtained confirmation from the directors of the companies with whom inter-company creditors balances are held that these amounts will not be payable for a period of at least 12 months from approval of these financial statements. Accordingly the director has determined that the going concern basis is appropriate.

Basis of consolidation

The financial statements contain information about Chestnutbay Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent Conchord Limited, a company incorporated in England and Wales.

Investments

Fixed asset investments are carried at cost less any provision for impairment in value. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

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 right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Conchord Limited and is included in the consolidated financial statements of Conchord Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Conchord Limited group or investees of the Conchord Limited group.

CHESTNUTBAY LIMITED

Notes to the financial statements for the year ended 28 February 2013

2 Director's emoluments

The director did not receive any remuneration during the year (2012 £nil) for his services to the company

No retirement benefits accrue to the director (2012 nil) under a money purchase scheme

3 Employee information

There were no employees during the year (2012 nil)

4 Auditors remuneration

Auditors' remuneration has been borne by a fellow group company

5 Fixed asset investments

	2013 £'000	2012 £'000
Cost		
At 1 March 2012 and 28 February 2013	1,950	1,950
Impairment		
At 1 March 2012 and 28 February 2013	-	-
Net book value		
At 1 March 2012 and 28 February 2013	<u>1,950</u>	<u>1,950</u>

Subsidiary undertaking

	Country of incorp	Share capital	Nature of business
Acorndrive Limited	UK	100%	Non Trading

The director believes that the carrying value of the investments is supported by their underlying net assets

6 Creditors amounts falling due after more than one year

	2013 £'000	2012 £'000
Amounts due to group undertakings	<u>5,021</u>	<u>5,021</u>

Amounts owed to group companies are unsecured, interest free and have no fixed terms of repayment
The company has received confirmation from the directors of the companies with whom inter-company creditor balances are held that these amounts will not payable for a period of at least 12 months from approval of these financial statements

CHESTNUTBAY LIMITED

Notes to the financial statements for the year ended 28 February 2013

7 Called up share capital

	2013 £'000	2012 £'000
Authorised		
522,241 'A' ordinary shares of £1	522	522
1,633,856 'B' ordinary shares of 1p	16	16
1 'C' ordinary share of £3	-	-
108,518 'D' ordinary shares of 1p	1	1
	<u>539</u>	<u>539</u>
Allotted and fully paid		
480,356 'A' ordinary shares of £1	480	480
1,572,000 'B' ordinary shares of 1p	16	16
1 'C' ordinary share of £3	-	-
108,518 'D' ordinary shares of 1p	1	1
	<u>497</u>	<u>497</u>

Rights of shares

The 'A' and 'B' shares rank *pari passu* in regard to voting, income and distributions on a winding up. From 31 August 2006 the 'A' and 'B' shareholders are entitled to a dividend of at least 25% of the year's net profits. 'A' shareholders are restricted from transferring any shares without the written consent of at least 50% of the 'B' shareholders. The 'C' shareholder has no entitlement to vote or receive dividends. No director can be appointed to the board without the consent of the 'C' shareholder.

The 'D' ordinary shares rank *pari passu* with the 'A' and 'B' shareholders in regard to voting and income. In the event of a distribution, whether on a winding up or reduction of capital, the 'D' shareholders are entitled to the same distribution per share as the 'A' and 'B' shareholders less a fixed amount per share.

8 Profit and loss account

	Share premium account £'000	Profit & loss account £'000
At 1 March 2012	1,585	(5,153)
Profit for the year	-	-
At 28 February 2013	<u>1,585</u>	<u>(5,153)</u>

CHESTNUTBAY LIMITED

Notes to the financial statements for the year ended 28 February 2013

9 Reconciliation of movements in shareholders' deficit

	2013 £'000	2012 £'000
Profit for the year	-	-
Net addition to shareholders' funds	-	-
Opening shareholders' deficit	(3,071)	(3,071)
Closing shareholders' deficit	(3,071)	(3,071)

10 Financial commitments and contingent liabilities

At 28 February 2013, a composite guarantee by each of the group companies existed in favour of Kaupthing as security for the group's loan of £45.5 million (28 February 2012: £46.5 million)

The company had no capital commitments at the year end (2012: £nil)

11 Ultimate and immediate parent undertaking

The immediate parent undertaking is Chestnutbay AcquisitionCo Limited

Conchord Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 28 February 2013. Chestnutbay AcquisitionCo Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 28 February 2013. Copies of the consolidated financial statements of Conchord Limited and Chestnutbay AcquisitionCo Limited may be obtained from the Secretary at the company's registered office, Asquith House, 34 Germain Street, Chesham, Buckinghamshire, HP5 1LH. The company's ultimate parent undertaking and controlling party is Kaupthing hf, a company incorporated in Iceland.