

LIBERTY SEVERN POINT (CARDIFF) LIMITED

**Annual Report and Audited Financial Statements
For the year ended 31 August 2014**

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LIBERTY SEVERN POINT (CARDIFF) LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS For the year ended 31 August 2014

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LIBERTY SEVERN POINT (CARDIFF) LIMITED

ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS **For the year ended 31 August 2014**

DIRECTORY

Directors:

R Boyland
J Rose (resigned 31 December 2013)
R McNally

Registered Number:

4313995 (England and Wales)

Registered Office:

32nd Floor
30 St Mary Axe
London EC3A 8BF
United Kingdom

Company Secretary:

Brandeaux Administrators Limited
Brandeaux House
13 Upper Mount Street
Dublin 2
Ireland

Independent Auditor:

Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2
Ireland

Property Valuer:

Savills (UK) Limited
33 Margaret Street
London W1G 0JD
United Kingdom

Solicitors:

Olswang
90 High Holborn
London WC1V 6XX
United Kingdom

Property Asset Manager:

Liberty Living Management Two Limited
32nd Floor
30 St Mary Axe
London EC3A 8BF
United Kingdom

LIBERTY SEVERN POINT (CARDIFF) LIMITED

Registered Number: 4313995 (England and Wales)

DIRECTORS' REPORT

The Directors of Liberty Severn Point (Cardiff) Limited (the "Company") present their Annual Report and the audited Financial Statements for the year ended 31 August 2014.

The Directors consider the following to be the principal risks and uncertainties which may affect the Company performance:

- Continued availability of finance within the Group
- The supply of, and demand for Student Accommodation, and any associated reputation and compliance risks involved in the operation of the properties

PRINCIPAL ACTIVITY

The principal activity of the Company is the letting and management of property.

RESULTS AND DIVIDENDS

The Company made a profit for the year of £21,752 (2013: profit of £27,139), which has been transferred to reserves.

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

CONTROLLING PARTY

As at 31 August 2014, the redeemable preference shares of the Company's parent Liberty Living Properties Limited ("LLPL"), which participate in all the gains and losses of the Group, were controlled by Brandeaux Student Accommodation Fund (Sterling) Limited ("BSAF(£)"). On 1 July 2013 the Directors of BSAF(£) suspended dealing in its redeemable preference shares due to the uncertainty created in the investment market by an excess amount of student accommodation property available for sale and the liquidity issues associated with open ended property funds (an example being the impact of certain regulatory initiative aimed at discouraging independent financial advisors from marketing non-regulated funds).

The Directors of BSAF(£) are in discussions to create liquidity for shareholders and their underlying investors, through property sales and other means, the outcome and timing of which cannot be predicted with certainty.

DIRECTORS

The Directors set out below held office from 1 September 2013 to the date of this report unless otherwise stated:

R Boyland
J Rose (resigned 31 December 2013)
R McNally

At no time during the year or to date did any Director have any beneficial interest in the shares of the Company.

SECRETARY

The Secretary of the Company during the year and to date is:

Brandeaux Administrators Limited

LIBERTY SEVERN POINT (CARDIFF) LIMITED

Registered Number: 4313995 (England and Wales)

DIRECTORS' REPORT (CONTINUED)

INDEPENDENT AUDITOR

The independent auditors, Deloitte & Touche, Chartered Accountants and Statutory Audit Firm, have signified their willingness to remain in office.

Approved by the Board of Directors on 16 January 2015 and signed on its behalf by:



R McNally
Director

LIBERTY SEVERN POINT (CARDIFF) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required to prepare Financial Statements for each financial year which 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 year. In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements are prepared in accordance with accounting standards generally accepted in the United Kingdom and comply with relevant legislation. They are 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY SEVERN POINT (CARDIFF) LIMITED

We have audited the Financial Statements of Liberty Severn Point (Cardiff) Limited (the "Company") for the year ended 31 August 2014 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 12. 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).

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 neither accept nor 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, 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

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give a 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 Directors; 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 31 August 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LIBERTY SEVERN POINT (CARDIFF) LIMITED

Opinion on other matters 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



Eimear McCarthy (Senior Statutory Auditor)
For and on behalf of Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Dublin, Ireland

Date: 16 January

LIBERTY SEVERN POINT (CARDIFF) LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 August 2014

	Note	2014 £	2013 £
Turnover	1	1,418,772	1,333,026
Operating costs		(1,394,620)	(1,303,687)
Gross profit		<u>24,152</u>	<u>29,339</u>
Administrative expenses		(2,400)	(2,200)
Operating profit	3	<u>21,752</u>	<u>27,139</u>
Interest receivable and similar income		-	-
Profit on ordinary activities before tax		<u>21,752</u>	<u>27,139</u>
Tax on profit on ordinary activities	4	-	-
Profit on ordinary activities after tax		<u>-</u>	<u>-</u>
transferred to reserves	8	<u><u>21,752</u></u>	<u><u>27,139</u></u>

All gains and losses arise from continuing activities.

The accompanying notes form an integral part of these Financial Statements.

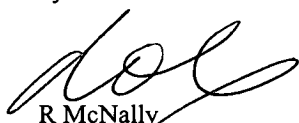
LIBERTY SEVERN POINT (CARDIFF) LIMITED

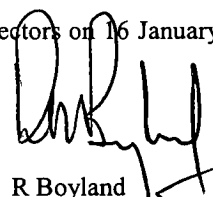
BALANCE SHEET As at 31 August 2014

	Note	2014 £	2013 £
Current assets			
Cash at bank		268,206	169,598
Debtors, prepayments and accrued income	5	5,111,973	7,731,475
		<u>5,380,179</u>	<u>7,901,073</u>
Creditors: amounts falling due within one year	6	(5,164,852)	(7,707,498)
		<u>215,327</u>	<u>193,575</u>
Net current assets			
		<u>215,327</u>	<u>193,575</u>
Net assets		<u>215,327</u>	<u>193,575</u>
Share capital and reserves			
Share capital	7	2	2
Reserves	8	215,325	193,573
		<u>215,327</u>	<u>193,575</u>
Equity Shareholder's funds	9	<u>215,327</u>	<u>193,575</u>

The accompanying notes form an integral part of these Financial Statements.

The Financial Statements were approved by the Board of Directors on 16 January 2015 and signed on its behalf by:


R McNally
Director


R Boyland
Director

LIBERTY SEVERN POINT (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2014

1. ACCOUNTING POLICIES

The Financial Statements are prepared in accordance with accounting standards applicable in the United Kingdom and are denominated in pounds sterling (£). The particular accounting policies adopted are described below.

Turnover

Turnover comprises rental income which is accounted for on an accruals basis.

Deferred Tax

The payment of tax is deferred or accelerated because of timing differences in the treatment of certain items for tax and accounting purposes. Full provision for deferred tax is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS19. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

In accordance with FRS19 deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Cash flow statement

The Company is exempt from publishing a cash flow statement because it is ultimately a wholly owned subsidiary undertaking of Liberty Living UK Limited which publishes a consolidated cash flow statement.

Cash at Bank

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Leases

Rentals payable under operating leases are charged to the profit and loss account on an accrual basis over the term of the lease. The initial advance payment made in relation to the operating lease is treated as part of the rentals payable and accordingly these costs are also charged to the profit and loss account on a straight line basis over the lease term and are classified within prepayments.

2. STAFF COSTS

	2014	2013
	£	£
Salaries and wages	96,306	102,361
Social security costs	6,562	7,654
Total salary and wage costs	<u>102,868</u>	<u>110,015</u>
Average number of staff	<u>6</u>	<u>6</u>

LIBERTY SEVERN POINT (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2014

3. OPERATING PROFIT

The operating profit is stated after charging:

	2014	2013
	£	£
Auditors' remuneration	2,400	2,200
Directors' remuneration	-	-
Rent payable	671,969	401,256
	<u>671,969</u>	<u>401,256</u>

4. TAX

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year and the tax affecting the charge are as follows:

Factors affecting the tax charge:

	2014	2013
	£	£
Profit on ordinary activities before tax	<u>21,752</u>	<u>27,139</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22% (2013: 23%)	(4,785)	6,242
Effects of:		
Expenditure not tax deductible	-	-
Group relief	(4,785)	(6,242)
Timing differences reflected in deferred tax	-	-
Current tax charge / (credit)	<u>-</u>	<u>-</u>

5. DEBTORS, PREPAYMENTS AND ACCRUED INCOME

	2014	2013
	£	£
Amounts falling due within one year		
Due from Group related parties	296,172	2,858,912
Other debtors, prepayments and accrued income	86,116	20,031
	<u>382,288</u>	<u>2,878,943</u>
Amounts falling due after one year		
Due from Group related parties	<u>4,729,685</u>	<u>4,852,532</u>
Aggregate amount	<u>5,111,973</u>	<u>7,731,475</u>

LIBERTY SEVERN POINT (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2014

6. CREDITORS: amounts falling due within one year

	2014 £	2013 £
Due to Group related parties	4,783,931	7,446,775
Other creditors and accrued expenses	380,921	260,724
	<u>5,164,852</u>	<u>7,707,499</u>

7. SHARE CAPITAL

Authorised

	2014 £	2014 Number of shares	2013 £	2013 Number of shares
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Issued

	2014 £	2014 Number of shares	2013 £	2013 Number of shares
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

8. STATEMENT OF MOVEMENTS ON RESERVES

	Revenue reserve £
At 1 September 2013	193,573
Transfer from Profit and Loss Account	21,752
At 31 August 2014	<u>215,325</u>

9. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDER'S FUNDS

	2014 £	2013 £
Profit for the year	21,752	27,139
Net increase in equity Shareholder's funds	<u>21,752</u>	<u>27,139</u>
Opening equity Shareholder's funds	193,575	166,436
Closing equity Shareholder's funds	<u>215,327</u>	<u>193,575</u>

LIBERTY SEVERN POINT (CARDIFF) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2014

10. CONTROLLING PARTIES

The Company's intermediate parent is Liberty Living Properties Limited ("LLPL"), a Company incorporated in, and registered as a BVI Business Company in, the British Virgin Islands. The Group comprises LLPL and its Subsidiaries and is at the balance sheet date ultimately owned by Brandeaux Student Accommodation Fund (Sterling) Limited, a Company incorporated in the British Virgin Islands.

11. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption available under FRS 8 Related Party Disclosures from disclosure of transactions between Group companies. Balances with Group entities are disclosed in debtors and creditors as Group related parties.

R Boyland, a Director of the companies in Note 10 above, has an interest in fees paid to the Company's Property Asset Manager, Liberty Living Management Two Limited ("LLMTL"), which charged the Company rent collection fees of £125,305 (2013: £120,471). The Company owed LLMTL fees of £nil (2013: £nil) at the year end.

12. OTHER FINANCIAL COMMITMENTS

In November 2011, LLPL repaid its existing bank loan facility in full and entered into a new £200 million loan facility agreement with HSBC Bank plc and The Royal Bank of Scotland plc with a 5 year maturity date. In February 2012, LLPL accessed the US Private Placement market and launched US\$155 million (£100 million) of loan notes in two equal tranches with maturities of 10 and 12 years respectively.

LLPL is party to a guarantee for the loan facilities and loan notes and its assets, including investment property, are used as security for the facilities. LLPL is also an obligor under the loan facility agreement. The assets of the Company are pledged as security.