
ING RED UK (HAYLE HARBOUR) LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

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ING RED UK (HAYLE HARBOUR) LTD

COMPANY INFORMATION

DIRECTORS	R Coetzee H Brand D Alker ING Real Estate BV
COMPANY SECRETARY	R Coetzee
REGISTERED NUMBER	5083024
REGISTERED OFFICE	60 London Wall London EC2M 5TQ
INDEPENDENT AUDITORS	Ernst & Young LLP London
BANKERS	ING Bank NV 60 London Wall London
SOLICITORS	Fladgate LLP 16 Great Queen Street London WC2B 5DG

ING RED UK (HAYLE HARBOUR) LTD

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 12

ING RED UK (HAYLE HARBOUR) LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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 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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is that of property management and development.

The company is currently involved in progressing a development at Hayle Harbour, Cornwall. During the year, the company disposed of a significant proportion of the development site and is now focused on the maximisation of sales proceeds from the remaining land available for development. The emphasis is likely to be on securing deals with residential developers, given the currently envisaged plans for the site.

PRINCIPAL RISKS AND UNCERTAINTIES

Property market volatility

The turbulence in commercial real estate markets in the UK and the lack of liquidity in capital markets has resulted in volatility in the market value of development properties, in particular outside of London. This can affect the returns achievable from commercial developments.

The Company monitors the impact of such turbulence and seeks ways to mitigate the impact through securing attractive deals with developers based on plans for use as envisaged in existing planning consents.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £229,295 (2011 - loss £616,039)

The directors are unable to recommend the payment of a dividend (2011 - £NIL)

ING RED UK (HAYLE HARBOUR) LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS

The directors who served during the year and up to the date of this report were

R Coetzee
H Brand (appointed 1 January 2012)
D Alker
G Parker (resigned 1 June 2013)
ING Real Estate BV (appointed 15 May 2013)

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year, ING Real Estate Development UK Limited (a fellow group company) maintained liability insurance on behalf of the company's directors as permitted by Section 236 of the Companies Act 2006

GOING CONCERN

The company's business activities and business review are included elsewhere in the Directors' report

As part of the ING Group, the Company has access as necessary to considerable financial resources. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

DISCLOSURE OF INFORMATION TO AUDITORS

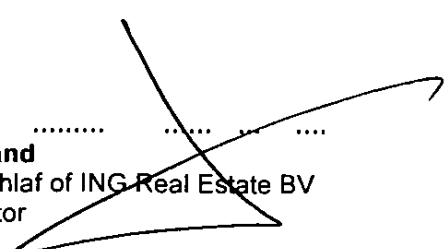
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 24 September 2013 and signed on its behalf


.....
H Brand
on behalf of ING Real Estate BV
Director


.....
R Coetzee
Director

ING RED UK (HAYLE HARBOUR) LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ING RED UK (HAYLE HARBOUR) LTD

We have audited the financial statements of ING RED UK (Hayle Harbour) Ltd for the year ended 31 December 2012, which comprise the Profit and Loss account, the Balance Sheet and 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 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 1, 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 the applicable law and International Standards on Auditing (United Kingdom 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 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 Directors' 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 December 2012 and of its loss for the year then ended,
- 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

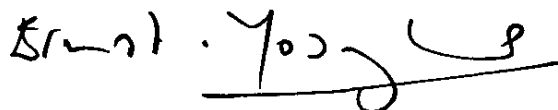
ING RED UK (HAYLE HARBOUR) LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ING RED UK (HAYLE HARBOUR)
LTD

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



Adrian Mulea (Senior statutory auditor)

for and on behalf of

Ernst & Young LLP

Statutory Auditor

London

Date 25 SEPTEMBER 2013

ING RED UK (HAYLE HARBOUR) LTD

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
TURNOVER	1	3,691,981	92,660
Cost of sales		<u>(3,804,758)</u>	<u>(706,139)</u>
GROSS LOSS		(112,777)	(613,479)
Administrative expenses		<u>(5,125)</u>	<u>(5,357)</u>
OPERATING LOSS	2	(117,902)	(618,836)
Interest receivable and similar income	3	11,306	558
Interest payable and similar charges	4	<u>(157,284)</u>	<u>(207,249)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(263,880)	(825,527)
Tax on loss on ordinary activities	5	<u>34,585</u>	<u>209,488</u>
LOSS FOR THE FINANCIAL YEAR	10	<u><u>(229,295)</u></u>	<u><u>(616,039)</u></u>

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account

The notes on pages 7 to 12 form part of these financial statements

ING RED UK (HAYLE HARBOUR) LTD
REGISTERED NUMBER: 5083024

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	2012 £	2011 £
CURRENT ASSETS			
Stocks	6	4,398,418	7,551,549
Debtors	7	3,943,150	3,312,865
Cash at bank		55,661	67,123
		<u>8,397,229</u>	<u>10,931,537</u>
CREDITORS: amounts falling due within one year	8	<u>(7,760,936)</u>	<u>(10,065,949)</u>
NET CURRENT ASSETS		<u>636,293</u>	<u>865,588</u>
NET ASSETS		<u>636,293</u>	<u>865,588</u>
CAPITAL AND RESERVES			
Called up share capital	9	10,366,008	10,366,008
Profit and loss account	10	<u>(9,729,715)</u>	<u>(9,500,420)</u>
EQUITY SHAREHOLDERS' FUNDS	11	<u>636,293</u>	<u>865,588</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2013

.....
H Brand
on behalf of ING Real Estate BV
Director

.....
R Coetzee
Director

The notes on pages 7 to 12 form part of these financial statements

ING RED UK (HAYLE HARBOUR) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

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

1.2 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1 (Revised)

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of rental agreements and property disposals during the year, exclusive of Value Added Tax and trade discounts

1.4 Stock Development work in progress

Work in progress is valued at the lower of cost and net realisable value and represents direct costs and attributable overheads of the project being undertaken. Work in progress includes acquisition and development fees associated with the project

Interest incurred on loans specific to developments is capitalised. Interest is capitalised only during the development phase and ceases to be capitalised once the development is completed

1.5 Related party transactions

As the company is a wholly owned subsidiary of ING Groep NV, 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 (or investees of the group qualifying as related parties). The consolidated financial statements of ING Groep NV, within which this Company is included, can be obtained from the address given in note 12

1.6 Taxation

The charge for taxation is based on the 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

Deferred tax is provided in accordance with FRS 19. Under FRS 19 full provision is made in respect of all timing differences that have originated but not reversed by the balance sheet date where an event has occurred that results in an obligation to pay more or less tax in future, except that deferred tax assets are recognised only to the extent that they are considered recoverable

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

ING RED UK (HAYLE HARBOUR) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

1.7 Financial Instruments

In accordance with FRS 4, redeemable ordinary shares issued by the company are classified as equity rather than debt as they rank pari passu with the ordinary shares thus carrying the same voting rights, dividend rights and rights on winding up. Furthermore, redemption is at the option of the company therefore giving the company control over future cash flows and resources.

2. OPERATING LOSS

The operating loss is stated after charging

	2012 £	2011 £
Auditors' remuneration - audit of financial statements	5,000	5,000
Amounts written off development work in progress	3,494	-
	<u>8,494</u>	<u>-</u>

During the year, no director received any emoluments (2011 - £NIL). The directors of the Company were also directors of other undertakings within ING Real Estate Development UK Group. The directors' remuneration for the year was paid by certain of those other undertakings. The directors do not believe that it is practicable to apportion remuneration between their services as directors of the company and the fellow subsidiaries.

3. INTEREST RECEIVABLE

	2012 £	2011 £
Interest receivable from group undertakings	11,306	-
Other interest receivable	-	558
	<u>11,306</u>	<u>558</u>

4. INTEREST PAYABLE

	2012 £	2011 £
On loans from group undertakings	157,284	207,249
	<u>157,284</u>	<u>207,249</u>

ING RED UK (HAYLE HARBOUR) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

5. TAXATION

	2012 £	2011 £
Analysis of tax credit in the year		
UK corporation tax credit on loss for the year	(34,607)	(210,048)
Adjustments in respect of prior periods	22	560
Tax credit on loss on ordinary activities	(34,585)	(209,488)

Factors affecting tax credit for the year

The tax assessed for the year is higher than (2011 - *higher than*) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%). The differences are explained below

	2012 £	2011 £
Loss on ordinary activities before tax	(263,880)	(825,527)
Loss on ordinary activities multiplied by average rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	(64,651)	(218,765)
Effects of		
Capital allowances for year in excess of depreciation	(220)	-
Adjustments to tax charge in respect of prior periods	22	560
Current year permanent differences	30,264	8,717
Current tax credit for the year (see note above)	(34,585)	(209,488)

Factors that may affect future tax charges

The company has trading losses of £ 75 (2011 £ 75) to carry forward against future suitable taxable profits. No deferred tax asset has been provided, due to the uncertainty over the timing and extent of utilisation of these losses.

The Finance Act 2012 included legislation to reduce the main rate of corporation tax from 25% to 24% from 1 April 2012 and 23% from 1 April 2013. The applicable rates during the year have been used to calculate an average rate of 24.5%. The tax rate prior to 1 April 2012 was 26%.

The Finance Bill 2013 proposes legislation to reduce the main rate of corporation tax to 20% from 1 April 2014. The impact of the change in these tax rates is accounted for when the legislation is substantively enacted. The changes in the tax rate may impact future corporation tax payments paid by the company.

ING RED UK (HAYLE HARBOUR) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

6. STOCKS

	2012	2011
	£	£
Development work in progress	4,398,418	7,551,549

Development work in progress includes capitalised interest of £ 933,209 (2011 £1,602,206)

7. DEBTORS

	2012	2011
	£	£
Due within one year		
Trade debtors	25,359	-
Amounts owed by group undertakings	3,673,158	3,018,445
Other debtors	-	75,906
Tax recoverable	244,633	218,514
	3,943,150	3,312,865

Tax recoverable relates to tax losses sold to a fellow group entity

**8 CREDITORS:
Amounts falling due within one year**

	2012	2011
	£	£
Trade creditors	8,437	17,529
Amounts owed to group undertakings	6,936,483	10,019,787
Social security and other taxes (see below)	686,229	-
Accruals and deferred income	129,787	28,633
	7,760,936	10,065,949

Social security and other taxes

	2012	2011
	£	£
VAT	686,229	-

Amounts owed to group undertakings are interest bearing, calculated at various rates throughout the year

ING RED UK (HAYLE HARBOUR) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012

9. SHARE CAPITAL

	2012 £	2011 £
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
499,999,000 Redeemable ordinary shares of £1 each	499,999,000	499,999,000
	<u>500,000,000</u>	<u>500,000,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1,000	1,000
7,346,563 Redeemable ordinary shares of £1 each	7,346,563	7,346,563
	<u>7,347,563</u>	<u>7,347,563</u>
Allotted, called up and NIL paid		
3,018,445 Redeemable ordinary shares of £1 each	3,018,445	3,018,445
	<u>3,018,445</u>	<u>3,018,445</u>

The redeemable ordinary shares are redeemable by 16th December 2032 at the option of the Company
The premium on redemption is £nil

10. RESERVES

	Profit and loss account £
At 1 January 2012	(9,500,420)
Loss for the year	(229,295)
	<u>(9,729,715)</u>
At 31 December 2012	

11. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening equity shareholders' funds	865,588	1,481,627
Loss for the year	(229,295)	(616,039)
	<u>636,293</u>	<u>865,588</u>
Closing equity shareholders' funds		

ING RED UK (HAYLE HARBOUR) LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

12 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

As at 31 December 2012, the immediate parent undertaking was ING Real Estate Development UK Limited, a company incorporated in England and Wales, and the ultimate controlling party was ING Groep NV, a company incorporated in The Netherlands

The largest group in which the company is consolidated is that headed by ING Groep NV and the smallest is headed by ING Real Estate B V. Copies of these consolidated financial statements are available from Schenkkade 65, PO Box 90463, 2509 LL The Hague, The Netherlands