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**ING RED UK (HAYLE HARBOUR) LTD**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

THURSDAY



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**ING RED UK (HAYLE HARBOUR) LTD**

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**COMPANY INFORMATION**

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**DIRECTORS**

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

**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

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**ING RED UK (HAYLE HARBOUR) LTD**

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## ING RED UK (HAYLE HARBOUR) LTD

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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The directors present their report and the financial statements for the year ended 31 December 2013.

#### 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. The company is 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

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 £267,842 (2012 - loss of £229,295).

The directors are unable to recommend the payment of a dividend (2012 - £NIL).

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## ING RED UK (HAYLE HARBOUR) LTD

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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#### DIRECTORS

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

R Coetzee  
H Brand (resigned 1 October 2013)  
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.

#### STRATEGIC REPORT

The company has taken advantage of the small companies exemption from the requirement to prepare a strategic report.

#### 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 relevant audit information and to establish that the company's auditors are aware of that information.

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**ING RED UK (HAYLE HARBOUR) LTD**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2013**


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**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 14 September 2014 and signed on its behalf.

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

  
.....  
**R Coetzee**  
Director

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## ING RED UK (HAYLE HARBOUR) LTD

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

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We have audited the financial statements of ING RED UK (Hayle Harbour) Ltd for the year ended 31 December 2013, 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 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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.

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ING RED UK (HAYLE HARBOUR) LTD

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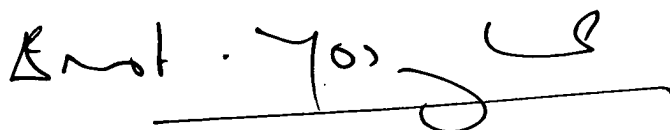
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ING RED UK (HAYLE HARBOUR)  
LTD

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**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:

- the directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report; or
- 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: 22 SEPTEMBER 2014

**ING RED UK (HAYLE HARBOUR) LTD**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £	2012 £
<b>TURNOVER</b>	1	<b>278,085</b>	3,691,981
Cost of sales		<b>(590,951)</b>	(3,804,758)
<b>GROSS LOSS</b>		<b>(312,866)</b>	(112,777)
Administrative expenses		<b>(7,162)</b>	(5,125)
<b>OPERATING LOSS</b>	2	<b>(320,028)</b>	(117,902)
Interest receivable and similar income	3	<b>1,856</b>	11,306
Interest payable and similar charges	4	<b>(32,460)</b>	(157,284)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(350,632)</b>	(263,880)
Tax on loss on ordinary activities	5	<b>82,790</b>	34,585
<b>LOSS FOR THE FINANCIAL YEAR</b>	10	<b>(267,842)</b>	(229,295)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2013 or 2012 other than those included in the Profit and loss account.

The notes on pages 8 to 13 form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	2013 £	2012 £
<b>CURRENT ASSETS</b>			
Stocks	6	4,398,418	4,398,418
Debtors	7	349,414	3,943,150
Cash at bank		29,713	55,661
		<u>4,777,545</u>	<u>8,397,229</u>
<b>CREDITORS:</b> amounts falling due within one year	8	<u>(4,409,094)</u>	<u>(7,760,936)</u>
<b>NET CURRENT ASSETS</b>		<u>368,451</u>	<u>636,293</u>
<b>NET ASSETS</b>		<u>368,451</u>	<u>636,293</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	10,366,008	10,366,008
Profit and loss account	10	(9,997,557)	(9,729,715)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	11	<u>368,451</u>	<u>636,293</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 September 2014.

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

.....  
**R Coetzee**  
Director

The notes on pages 8 to 13 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**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, and is stated 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.

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ING RED UK (HAYLE HARBOUR) LTD

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013

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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:

	2013 £	2012 £
Auditors' remuneration - Audit of the financial statements	5,000	5,000
Amounts written off development work in progress	-	3,494
	<u>5,000</u>	<u>3,494</u>

During the year, no director received any emoluments (2012 - £NIL). The directors of the Company were also directors of other group undertakings. 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.

The company has no employees (2012 - NIL).

3. INTEREST RECEIVABLE

	2013 £	2012 £
Interest receivable from group undertakings	649	11,306
Other interest receivable	1,207	-
	<u>1,856</u>	<u>11,306</u>

4. INTEREST PAYABLE

	2013 £	2012 £
On loans from group undertakings	32,460	157,284
	<u>32,460</u>	<u>157,284</u>

**ING RED UK (HAYLE HARBOUR) LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**5. TAXATION**

	2013 £	2012 £
<b>Analysis of current tax credit in the year</b>		
UK corporation tax credit on loss for the year	(80,087)	(34,607)
Adjustments in respect of prior periods	(2,703)	22
<b>Tax credit on loss on ordinary activities</b>	<u>(82,790)</u>	<u>(34,585)</u>

**Factors affecting current tax credit for the year**

The tax assessed for the year is lower than (2012 - *higher than*) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before tax	<u>(350,632)</u>	<u>(263,880)</u>
Loss on ordinary activities multiplied by average rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(81,522)	(64,651)
<b>Effects of:</b>		
Capital allowances for year in excess of depreciation	(281)	(220)
Adjustments to tax charge in respect of prior periods	(2,703)	22
Current year permanent differences	1,716	30,264
<b>Current tax credit for the year</b> (see note above)	<u>(82,790)</u>	<u>(34,585)</u>

**Factors that may affect future tax charges**

The company has trading losses of £ 75 (2012: £ 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 UK corporation tax rate reduced to 23% from April 2013. The rate will reduce to 21% from April 2014 and 20% from April 2015. At the balance sheet date, both these future tax reductions had been enacted and hence in accordance with accounting standards, they have been reflected in the company's financial statements as at 31 December 2013. The rate changes may impact the amount of future tax payments to be made by the company.

**6. STOCKS**

	2013 £	2012 £
Development work in progress	<u>4,398,418</u>	<u>4,398,418</u>

Development work in progress includes capitalised interest of £ 933,209 (2012 £933,209).

**ING RED UK (HAYLE HARBOUR) LTD**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**7. DEBTORS**

	2013 £	2012 £
<b>Due within one year</b>		
Trade debtors	-	25,359
Amounts owed by group undertakings	251,935	3,673,158
Other debtors	17,392	-
Tax recoverable	80,087	244,633
	<u>349,414</u>	<u>3,943,150</u>

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

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

	2013 £	2012 £
Trade creditors	-	8,437
Amounts owed to group undertakings	4,387,497	6,936,483
Other taxation and social security (see below)	-	686,229
Accruals and deferred income	21,597	129,787
	<u>4,409,094</u>	<u>7,760,936</u>

**Other taxation and social security**

	2013 £	2012 £
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 2013**

**9. SHARE CAPITAL**

	2013 £	2012 £
<b>Authorised</b>		
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>
<b>Allotted, called up and fully paid</b>		
1,000 Ordinary shares of £1 each	1,000	1,000
10,365,008 (2012 - 7,346,563) Redeemable ordinary shares of £1 each	10,365,008	7,346,563
	<u>10,366,008</u>	<u>7,347,563</u>
<b>Allotted, called up and NIL paid</b>		
3,018,445 Redeemable ordinary shares of £1 each	-	3,018,445
	<u>-</u>	<u>3,018,445</u>

During the year, the amounts outstanding in respect of £1 redeemable ordinary shares of £3,018,445 was settled.

The redeemable ordinary shares are redeemable between 17th December 2008 and 16th December 2032 at the option of the Company. The premium on redemption is £nil.

**10. RESERVES**

	Profit and loss account £
At 1 January 2013	(9,729,715)
Loss for the financial year	(267,842)
	<u>(9,997,557)</u>
At 31 December 2013	<u>(9,997,557)</u>

**11. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS**

	2013 £	2012 £
Opening equity shareholders' funds	636,293	865,588
Loss for the financial year	(267,842)	(229,295)
	<u>368,451</u>	<u>636,293</u>
Closing equity shareholders' funds	<u>368,451</u>	<u>636,293</u>

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**ING RED UK (HAYLE HARBOUR) LTD**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

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**12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

As at 31 December 2013, 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, also incorporated in The Netherlands. Copies of these consolidated financial statements are available from P.O. Box 1800, 1000 BV Amsterdam, The Netherlands.