

Report and Financial Statements
Sackville Developments (Reading) Limited
Registered Number 05320888

31 March 2012

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COMPANIES HOUSE

Sackville Developments (Reading) Limited

Registered No 05320888

Directors

D J Camp
S C Camp
P Irons
M Mogull

Auditors

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London
NW1 2EP

Bankers

The Royal Bank of Scotland plc
24 Grosvenor Place
London
SW1X 7HP

Solicitors

Shearman & Sterling LLP
Broadgate West
9 Appold Street
London
EC2A 2AP

Registered office

Norfolk House
31 St James's Square
London
SW1Y 4JJ

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Directors' report

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

Results

The loss for the year amounted to £2,124,074 (2011 - £33,074,548 profit)

Principal activities and review of the business

The principal activity of the company is property development. The company owns property in Reading and is in the process of preparing a revised planning permission for a mixed use redevelopment of its site.

Directors

The directors who served the company during the year were as follows

D J Camp
S C Camp
P Irons
M Mogull

Directors' responsibilities

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 laws). 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 and 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, and
- prepare the financial statement 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' report (continued)

Directors' responsibilities (continued)

The directors confirm that

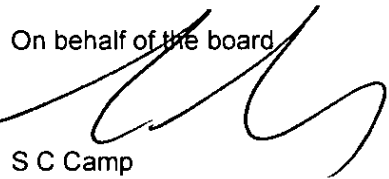
- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Auditors

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with Section 487(2) of the Companies Act 2006 unless the company receives notice under Section 488(1) of the Companies Act 2006

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

On behalf of the board



S C Camp
Director

13 August 2012

Independent auditor's report to the members of Sackville Developments (Reading) Limited

We have audited the financial statements of Sackville Developments (Reading) Limited for the year ended 31 March 2012 which comprise the profit and loss account, 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).

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 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 auditor

As explained more fully in the Directors' Responsibilities included in the Directors' Report 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 website 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 31 March 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.

Independent auditor's report to the members of Sackville Developments (Reading) Limited

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



Mark Cardiff

Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
London

Date: 14 August 2012

Profit and loss account
for the year ended 31 March 2012

	Notes	2012 £	2011 £
Turnover		979,958	1,005,936
Cost of sales		(513,499)	(506,103)
Gross profit from rental		466,459	499,833
Other cost of sales		(944,266)	-
Gross (loss)/profit		(477,807)	499,833
Administrative expenses		(628,962)	(325,309)
Operating (loss)/profit	2	(1,106,769)	174,524
Exceptional gain arising on refinancing		-	34,572,834
(Loss)/profit after exceptional items		(1,106,769)	34,747,358
Bank interest receivable		1,921	148
Interest payable	5	(1,112,983)	(1,579,201)
(Loss)/profit on ordinary activities before taxation		(2,217,831)	33,168,305
Tax on (loss)/profit on ordinary activities	6	93,757	(93,757)
(Loss)/profit for the year		(2,124,074)	33,074,548

There are no other recognised gains or losses arising in the year

All the company's results are derived from continuing activities

Balance sheet

at 31 March 2012

	Notes	2012 £	2011 £
Current assets			
Work in progress	7	12,250,000	12,250,000
Debtors	8	331,390	461,109
Cash		726,736	97,804
		<u>13,308,126</u>	<u>12,808,913</u>
Creditors amounts falling due within one year	9	(658,762)	(1,301,179)
		<u>12,649,364</u>	<u>11,507,734</u>
Net current assets			
		12,649,364	11,507,734
Total assets less current liabilities		12,649,364	11,507,734
Creditors amounts falling due after more than one year	10	(11,615,704)	(8,350,000)
		<u>1,033,660</u>	<u>3,157,734</u>
Net assets			
		1,033,660	3,157,734
Capital and reserves			
Called up share capital	11	500	500
Share premium	12	24,899,502	24,899,502
Profit and loss account	12	(23,866,342)	(21,742,268)
		<u>1,033,660</u>	<u>3,157,734</u>
Equity shareholders' funds	12	1,033,660	3,157,734
		<u>1,033,660</u>	<u>3,157,734</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

These financial statements were approved by the board of directors on 2nd August 2012 and were signed on its behalf by

S C Camp
Director

13 August 2012

Notes to the financial statements

at 31 March 2012

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The particular accounting policies are set out below.

Going concern

The financial statements have been prepared on a going concern basis. The directors consider the company to be a going concern as appropriate funding is in place for the company's future.

Stock

Trading and development properties are included in stock as work in progress and are stated at the lower of cost or net realisable value. Disposals are recognised on completion, with profit and losses arising being recognised through the profit and loss account. If properties held for trading are appropriated to investment, they are transferred at book value. Any impairments are recognised in the profit and loss account in the year in which they are incurred.

Planning and development fees incurred in the process of obtaining planning permission are expensed to the profit and loss account, prior to planning permission being granted.

Turnover

Turnover represents rent and other property related income invoiced to tenants less value added tax, derived in the United Kingdom.

Deferred taxation

Deferred tax is provided in full in respect of all timing differences that have originated but not reversed at the balance sheet date where an event has occurred that will result in an obligation to pay more or less tax in the future, except for:

- Provision is made for gains on disposals or revaluation of assets that have been rolled over into replacement assets only where there is a commitment to dispose of the replacement assets,
- Provision is not made for the remittance of a subsidiary's, associate's or joint venture's earnings that would cause tax to be payable where no commitment has been made to the remittance of the earnings, and
- Deferred tax assets are recognised to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Trade and other debtors

Trade and other debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost.

Notes to the financial statements

at 31 March 2012

1. Accounting policies (continued)

Interest-bearing loans and borrowings

All loans and borrowings are recognised initially at cost, which is the fair value of the consideration received. Cost of raising loans are capitalised and amortised over the life of the loan.

Derivatives

The fair value of any derivatives, such as interest rate swaps, are not recognised in the balance sheet but are disclosed in accordance with FRS 25 "Financial instruments".

Statement of cash flows

The directors have taken advantage of the exemption available within FRS 1 (revised 1996) and have not produced a statement of cash flows, on the grounds that the company is small.

2. Operating (loss)/profit

This is stated after charging

	2012 £	2011 £
Auditors' remuneration		
Fees payable for the audit of the company's annual accounts	7,000	7,000
Fees payable for tax compliance services	8,550	10,000
Other cost of sales – Planning and development fees	944,266	-
	<u>959,816</u>	<u>17,000</u>

3. Staff costs

No staff are employed by the company (2011 - nil)

4. Directors' emoluments

The directors of the company did not receive any emoluments in respect of their services to the company (2011 - £nil)

5. Interest payable

	2012 £	2011 £
Interest payable on bank loan (note 10)	103,534	910,661
Interest payable on interest rate swap (note 10)	4,592	-
Interest payable to shareholders (note 10)	991,537	668,540
Amortisation of bank loan issue cost	13,320	-
	<u>1,112,983</u>	<u>1,579,201</u>

Notes to the financial statements

at 31 March 2012

6 Taxation on (loss)/profit on ordinary activities

(a) Tax on (loss)/profit on ordinary activities

	2012 £	2011 £
<i>Current tax</i>		
UK corporation tax at 26% (2011 - 28%) on (loss)/profit of the year	-	93,757
Adjustments in respect of prior periods	(93,757)	-
	<u>(93,757)</u>	<u>93,757</u>

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 26% (2011 – 28%) The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before taxation	(2,217,831)	33,168,305
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26% (2011 - 28%)	(576,636)	9,287,125
Expenses not deductible	-	327,980
Income not taxable	-	(1,081,088)
Increase/(Utilisation) of losses	576,636	(8,440,260)
Prior year adjustment	(93,757)	-
Total current tax (note 6(a))	<u>(93,757)</u>	<u>93,757</u>

The company has a deferred tax asset of £5.8m at 31 March 2012 (2011 £5.4m) Management are uncertain of the timing of future trading profits and therefore have not recognised the deferred tax asset (2011 - £nil)

7 Stocks and work in progress

	2012 £	2011 £
Work in progress	<u>12,250,000</u>	<u>12,250,000</u>

Notes to the financial statements

at 31 March 2012

8. Debtors

	2012	2011
	£	£
Trade debtors	31,214	259,287
Prepayments and accrued income	94,662	116,984
Other debtors	170,113	27,336
VAT recoverable	35,401	57,502
	<u>331,390</u>	<u>461,109</u>

9. Creditors : amounts falling due within one year

	2012	2011
	£	£
Bank loan (note 10)	160,000	-
Bank loan interest (note 10)	33,429	-
Trade creditors	242,818	168,285
Accruals and deferred income	204,585	1,011,832
Other creditors	17,930	27,305
Corporation tax	-	93,757
	<u>658,762</u>	<u>1,301,179</u>

10. Creditors: amounts falling due after one year

	2012	2011
	£	£
Bank loan	4,673,422	-
Shareholders' 15% loan	5,702,282	8,350,000
Shareholders' 0% loan	1,240,000	-
	<u>11,615,704</u>	<u>8,350,000</u>

Notes to the financial statements

at 31 March 2012

10. Creditors: amounts falling due after one year (continued)

On 11 August 2011, the Company obtained a 5 year bank loan facility from Barclays Bank PLC of £5,000,000. The loan incurs interest at 3 Month LIBOR and margin of 2.25% pa which is paid on a quarterly basis together with the repayment of £40,000 per quarter. As at 31 March 2012, the notional on the bank loan is £4,920,000. Within the bank loan are issue costs that remain unamortised at £86,578. Barclays Bank PLC has been granted security by way of a legal mortgage on all monies due or to become due from the company in relation to the Garrard Street Car Park.

On 11 August 2011, the Company entered into an Interest Rate Swap arrangement with Barclays Bank PLC to hedge against the interest rate risk on the bank loan. Under the terms of the swap, the Company pays a fixed rate of 1.15% and receives 3 Month LIBOR on a quarterly basis. As at 31 March 2012, the notional on the interest rate swap is £3,444,000 and the mark-to-market value is £11,726. The accrued interest on the Interest Rate Swap is £33,428.

The shareholders' 15% loan is a loan from Bensell Finance III B V (formerly known as BE Reading B V), a Netherlands registered company, and a subsidiary of one of the shareholders. The loan incurs 15% pa interest and interest is capitalised on a quarterly basis on 28 February, 31 May, 31 August and 30 November. On 12th August 2011, the company repaid £4,354,418 of the loan and £445,582 of interest.

The shareholders' 0% loan are loans from Bensell Finance III B V (formerly known as BE Reading B V), a Netherlands registered company, and a subsidiary of one of the shareholders and from Stanhope (Station Hill) Limited, a shareholder of the company. The loan incurs 0% pa interest.

11. Share capital

	2012 £	2011 £
<i>Authorised</i>		
Ordinary 'A' shares of £1 each	250	250
Ordinary 'B' shares of £1 each	250	250
	<u>500</u>	<u>500</u>
	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
Ordinary 'A' shares of £1 each	250	250
Ordinary 'B' shares of £1 each	250	250
	<u>500</u>	<u>500</u>

Notes to the financial statements

at 31 March 2012

12. Movement in shareholders' funds and reconciliation of reserves

	<i>Profit and loss account</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Total shareholders fund</i>
	£	£	£	£
At 1 April 2010	(54,816,816)	2	-	(54,816,816)
Issue of ordinary shares	-	498	24,899,502	24,900,000
Profit for the year	33,074,548	-	-	33,074,548
At 31 March 2011	(21,742,268)	500	24,899,502	3,157,734
Loss for the year	(2,124,074)	-	-	(2,124,074)
At 31 March 2012	(23,866,342)	500	24,899,502	1,033,660

13. Capital commitments

The company has no capital commitments as at 31 March 2012 or 31 March 2011

14. Contingent liabilities

The company has no contingent liabilities as at 31 March 2012 or 31 March 2011

Notes to the financial statements

at 31 March 2012

15. Related parties

The company has loan arrangements with Bensell Finance III B V and Stanhope (Station Hill) Limited as disclosed in note 10

Loans outstanding from related companies

	2012 £	2011 £
Bensell Finance III B V (15% loan)	4,813,982	8,350,000
Bensell Finance III B V (0% loan)	620,000	-
Stanhope (Station Hill) Limited (0% loan)	620,000	-
	<u> </u>	<u> </u>

Interest payable on loan from related company

	2012 £	2011 £
Bensell Finance III B V (15% loan)	888,300	342,344
	<u> </u>	<u> </u>

During the year, the company was charged £430,000 (2011 £118,772) for development management fees by Stanhope plc, a related company of one of the shareholders

The company was also charged £35,324 (2011 £9,665) for asset management fees by Benson Elliot Services Limited, a related company of one of the shareholders

16 Ultimate parent company

The company is owned 50 50 by Stanhope (Station Hill) Limited and Cooperative Bensell Real Estate Investment III B A. Due to the deadlock provisions, no shareholder has control and there is no ultimate parent company