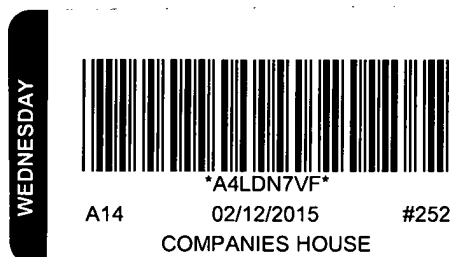


The Waterford Park Company (Balmoral) Limited
Annual report and financial statements
for the year ended 30 June 2015

Registered number: 06047122



The Waterford Park Company (Balmoral) Limited
Annual report and financial statements
for the year ended 30 June 2015

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The Waterford Park Company (Balmoral) Limited

Directors and advisers

Directors

J F Tutte
G A Cope

Company secretary

G A Cope

Bankers

The Royal Bank of Scotland
Global Banking & Markets
Lending Operations
PO Box 39952
2 ½ Devonshire Square
London
EC2M 4XJ

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Registered office

Redrow House
St Davids Park
Ewloe
Flintshire
CH5 3RX

Registered number

06047122

The Waterford Park Company (Balmoral) Limited

Directors' report for the year ended 30 June 2015

The directors present their annual report and the audited financial statements of the Company for the year ended 30 June 2015. The Directors' report has been prepared taking advantage of the small company exemption available under Section 415A of the Companies Act 2006.

The company has taken advantage of the small companies' exemption under Section 414b of the Companies Act 2006 from preparing a Strategic report.

Principal activities and business review

The principal activity of the Company is to pursue the potential redevelopment of Watford Junction railway station. The Company was formed on 10 January 2007 and is a wholly owned subsidiary of The Waterford Park Company Limited. At 30 June 2015, The Waterford Park Company Limited was a joint venture between Redrow Regeneration plc and Denrock Advisors Limited, but on 10 August 2015, Redrow Regeneration plc acquired the remaining 50% shareholding in The Waterford Park Company Limited.

Turnover for the year was £nil (2014: £nil). The operating profit for the year was £87,339 (2014: £86,484), reflecting rental income. Net liabilities as at 30 June 2015 were £4,086,438 (2014: £4,074,067).

Financial risk management

Financial risk is managed by the board. Redrow Homes Limited have provided a letter confirming that it is their present intention to provide financial support sufficient to enable the Company to meet its day to day financial obligations, principally relating to interest payments on its funding, as and when they fall due, as is necessary for a period of at least 12 months from the date of these financial statements and that they will not seek to call in its loan to the Company within the next 12 months.

Principal risks and uncertainties

Risk is managed at board level. The principal risks are deterioration of the housing market and the inability to gain the support of stakeholders to assemble the land and secure planning for the wider regeneration of Watford Junction. The housing market is closely monitored and swift responses are made to lead indicators in the housing market. A range of products (residential and commercial) also help to mitigate this risk. A detailed knowledge of the land, planning and technical issues related to the site and the strong commitment of the stakeholders to the regeneration of the area mitigate the land and planning risks.

Key performance indicators

The key performance indicator is the progress towards planning and the relationships with other interested parties in the development. It is the current belief of the directors that the wider redevelopment has a reasonable opportunity of being viable in the medium to long term.

Future outlook

Progress of the business during the year has been affected by uncertainty over government funding for a programme of local infrastructure works that will determine the scope and form of the wider regeneration. Notwithstanding this, the directors consider the state of affairs at the end of the year and the future prospects of the Company, to be satisfactory.

Results

The loss for the financial year of £12,371 (2014: £153,322) will be deducted from reserves.

Going concern

The financial performance of the Company is dependent on the underlying economic environment in which the Company operates and to a large extent on the redevelopment prospects of the wider Watford Junction area.

As regards the development of the wider Watford Junction area, this depends upon the economy but also on a number of key stakeholders. These redevelopment prospects have represented a delaying factor to the Company's ultimate plans. It is the current belief of the directors that the wider redevelopment has a reasonable opportunity of being viable in the medium to long term as all stakeholders have recently agreed it is now time to move matters forward. However, failing to achieve the wider redevelopment objectives does not

The Waterford Park Company (Balmoral) Limited

Directors' report for the year ended 30 June 2015 (continued)

Going concern (continued)

stop the development of the Company's assets in isolation and to this end the Company is developing plans which will enable the site to be redeveloped independently of the wider redevelopment.

As part of the transaction, on 10 August 2015, by Redrow Regeneration plc to acquire the 50% shareholding of its Joint Venture Partners holding in the Company's parent company, the Company has redeemed the legal charge in favour of the Royal Bank of Scotland which was held over the Company's property. In addition the Company has entered into a participation agreement with the Bank and the former Joint Venture Partner to participate in future profits if certain circumstances occur in the future.

In addition, Redrow Homes Limited has provided a letter confirming that it is its present intention to provide financial support sufficient to enable the Company to meet its day to day financial obligations, as is necessary for a period of at least 12 months from the date of these financial statements.

Directors

The directors who held office during the year and up to the date of signing of the financial statements are given below:

M P Clifford – resigned 10 August 2015

A C J Siow – resigned 10 August 2015

J F Tutte

G A Cope

Statement of 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 prepared 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 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.

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 Waterford Park Company (Balmoral) Limited

Directors' report for the year ended 30 June 2015 (continued)

Statement of disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office. A resolution concerning their reappointment will be proposed at the annual general meeting.

By order of the Board



G A Cope
Company secretary
23 November 2015

The Waterford Park Company (Balmoral) Limited

Independent auditors' report to the members of The Waterford Park Company (Balmoral) Limited

Report on the financial statements

Our opinion

In our opinion, The Waterford Park Company (Balmoral) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2015 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.

What we have audited

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 30 June 2015;
- the profit and loss account for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

The Waterford Park Company (Balmoral) Limited

Independent auditors' report to the members of The Waterford Park Company (Balmoral) Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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.



Ian Morrison (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester

23 November 2015

The Waterford Park Company (Balmoral) Limited

Profit and loss account for the year ended 30 June 2015

	Note	2015 £	2014 £
Administrative expenses		(2,661)	(4,105)
Other operating income		90,000	90,589
Operating profit	1	87,339	86,484
Interest payable and similar charges	5	(102,802)	(102,979)
Loss on ordinary activities before taxation	4	(15,463)	(16,495)
Tax on loss on ordinary activities	6	3,092	(136,827)
Loss for the financial year	12	(12,371)	(153,322)

The notes on pages 11 to 15 form an integral part of these financial statements.

All amounts relate to continuing operations.

The Company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

The Waterford Park Company (Balmoral) Limited

Balance sheet as at 30 June 2015

	Note	2015 £	2014 £
Current assets			
Stocks	7	1,000,000	1,000,000
Debtors	8	998,310	995,218
Cash at bank and in hand		10,205	7,571
		2,008,515	2,002,789
Creditors: amounts falling due within one year	9	(6,094,953)	(6,076,856)
Net current liabilities and net liabilities		(4,086,438)	(4,074,067)
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	12	(4,086,439)	(4,074,068)
Total shareholders' deficit	13	(4,086,438)	(4,074,067)

The notes on pages 11 to 15 form an integral part of these financial statements.

The financial statements on pages 7 to 15 were approved by the board of directors on 23 November 2015 and were signed on its behalf by:



J P Tutte
Director

The Waterford Park Company (Balmoral) Limited (Registered number: 06047122)

The Waterford Park Company (Balmoral) Limited

Statement of accounting policies for the year ended 30 June 2015

Principal accounting policies

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention on a going concern basis.

Going concern

The financial performance of the Company is dependent on the underlying economic environment in which the Company operates and to a large extent on the redevelopment prospects of the wider Watford Junction area.

As regards the development of the wider Watford Junction area, this depends upon the economy but also on a number of key stakeholders. These redevelopment prospects have represented a delaying factor to the Company's ultimate plans. It is the current belief of the directors that the wider redevelopment has a reasonable opportunity of being viable in the medium to long term as all stakeholders have recently agreed it is now time to move matters forward. However, failing to achieve the wider redevelopment objectives does not stop the development of the Company's assets in isolation and to this end the Company is developing plans which will enable the site to be redeveloped independently of the wider redevelopment.

As part of the transaction, on 10 August 2015, by Redrow Regeneration plc to acquire the 50% shareholding of its Joint Venture Partners holding in the Company's parent company, the Company has redeemed the legal charge in favour of the Royal Bank of Scotland which was held over the Company's property. In addition the Company has entered into a participation agreement with the Bank and the former Joint Venture Partner to participate in future profits if certain circumstances occur in the future.

In addition, Redrow Homes Limited has provided a letter confirming that it is its present intention to provide financial support sufficient to enable the Company to meet its day to day financial obligations, as is necessary for a period of at least 12 months from the date of these financial statements.

Forward land

All expenditure relating to forward land, such as options and fees, is provided for when incurred. After exercise of an option and acquisition of the land following the securing of planning permission, the provisions relating to that land are released.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, labour and subcontract work.

Interest on borrowings

Interest is written off to the profit and loss account as incurred.

Deferred taxation

Deferred tax is provided on timing differences arising from the recognition of income and expenditure in different periods for taxation and accounting purposes where timing differences have originated but not reversed by the balance sheet date. Deferred tax is provided at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax assets are only recognised to the extent that it can be regarded as 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 assets and liabilities recognised have not been discounted.

The Waterford Park Company (Balmoral) Limited

Statement of accounting policies for the year ended 30 June 2015 (continued)

The directors have considered carefully the extent to which it is probable that future taxable profit will be available resulting in taxable amounts against which the carried forward losses can be utilised. It is the directors' current belief that the deferred tax asset will be utilised in the future.

Related party transactions

As a wholly owned subsidiary of a company with publicly available financial statements, the Company has taken advantage of the exception under paragraph 3(c) FRS 8 "Related party disclosures" not to disclose intra-group transactions.

Current tax

Corporation tax payable is provided on taxable profits at the current rate.

Cash flow statement

The Company has taken advantage of the exemption in Financial Reporting Standard 1 (Revised 1996) 'cash flow statements' from preparing a cash flow statement on the grounds that it is a small company.

The Waterford Park Company (Balmoral) Limited

Notes to the financial statements for the year ended 30 June 2015

1 Operating profit

All cost of sales is generated from one line of business and one geographical area, the UK.

2 Directors' emoluments

No director received any remuneration for services to this company during the year ended 30 June 2015 (2014: £nil).

3 Employee information

The Company did not have any employees during the year ended 30 June 2015 (2014: nil).

4 Loss on ordinary activities before taxation

	2015 £	2014 £
Loss on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration – audit services	2,580	2,580
Rental income	(90,000)	(90,589)

5 Interest payable and similar charges

	2015 £	2014 £
Interest payable -bank loans	102,802	102,979
	102,802	102,979

The Waterford Park Company (Balmoral) Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

6 Tax on loss on ordinary activities

	2015 £	2014 £
Current taxation		
Total current taxation	-	-
Deferred tax		
Impact of change in tax rate on deferred tax	117	140,538
Origination and reversal of timing differences	(3,209)	(3,711)
Tax (credit)/charge on loss on ordinary activities	(3,092)	136,827
The tax assessed for the year is higher (2014: higher) than the standard effective rate of corporation tax in the UK 20.75% (2014: 22.50%).		
Reconciliation of current taxation charge:		
Loss on ordinary activities before taxation	(15,463)	(16,495)
Loss on ordinary activities multiplied by standard effective rate in the UK 20.75% (2014: 22.50%)	(3,209)	(3,711)
Timing differences	3,209	3,711
Current tax charge for the year	-	-

The main rate of corporation tax in the UK reduced from 21% to 20% from 1 April 2015. Accordingly, the company's results for this accounting year are taxed at an effective rate of 20.75%

Additional changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

The Waterford Park Company (Balmoral) Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

7 Stocks

	2015 £	2014 £
Land held for development	1,000,000	1,000,000
	1,000,000	1,000,000

8 Debtors

	2015 £	2014 £
Other debtors	9,000	9,000
Deferred tax asset (note 10)	989,309	986,217
Prepayments and accrued income	1	1
	998,310	995,218

9 Creditors: amounts falling due within one year

	2015 £	2014 £
Bank loans and overdrafts	2,940,000	2,940,000
Amounts owed to related party undertakings (note 14)	3,112,051	3,102,051
Taxation and social security	6,000	4,500
Accruals and deferred income	36,902	30,305
	6,094,953	6,076,856

Amounts owed to related party undertakings are repayable on disposal of the freehold interest. The bank loan is repayable on demand and is secured against land held for development.

The Waterford Park Company (Balmoral) Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

10 Deferred tax asset

	£
At 1 July 2014	986,217
Charged to profit and loss account	3,092
At 30 June 2015	989,309

The deferred tax assets all arise from tax allowable losses. The directors have considered the financial prospects of the company and currently expect the deferred tax asset to be utilised in the future. As discussed in the accounting policies the directors consider this to be a critical accounting judgement.

The main rate of corporation tax in the UK reduced from 21% to 20% from 1 April 2015. Additional changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The carrying value of the deferred tax asset at 30 June 2015 has been calculated at 20%.

11 Called up share capital

	2015 £	2014 £
Allotted and fully paid		
1 (2014: 1) ordinary share of £1	1	1

12 Profit and loss account

	£
Loss for the financial year	(12,371)
At 1 July 2014	(4,074,068)
At 30 June 2015	(4,086,439)

The Waterford Park Company (Balmoral) Limited

Notes to the financial statements for the year ended 30 June 2015 (continued)

13 Reconciliation of movements in shareholders' deficit

	2015 £	2014 £
Loss for the financial year	(12,371)	(153,322)
Opening shareholders' deficit	(4,074,067)	(3,920,745)
Closing shareholders' deficit	(4,086,438)	(4,074,067)

14 Related party transactions

The Waterford Park Company (Balmoral) Limited is a wholly owned subsidiary of The Waterford Park Company Limited. At 30 June 2015, The Waterford Park Company Limited was a joint venture of Redrow Regeneration plc and Denrock Advisors Limited, but on 10 August 2015, Redrow Regeneration plc acquired the remaining 50% shareholding in the company. At 30 June 2015, the creditor balances for amounts loaned by related parties to The Waterford Park Company (Balmoral) Limited stood at £1,494,984 with Redrow Regeneration plc, £71,434 with Redrow Homes Limited and £1,545,633 with Denrock Advisors Limited (2014: £1,494,984 with Redrow Regeneration plc, £66,434 with Redrow Homes Limited and £1,540,633 with Denrock Advisors Limited).

15 Ultimate parent undertaking

The immediate parent undertaking is The Waterford Park Company Limited. The intermediate parent company is Redrow Homes Limited which is the smallest company to consolidate these financial statements. Copies of the Redrow Homes Limited financial statements may be obtained from the Company Secretary, Redrow Homes Limited, Redrow House, St David's Park, Flintshire, CH5 3RX.

The company's ultimate parent company and controlling party is Redrow plc, which is the parent undertaking of Redrow Homes Limited and is the largest group to consolidate these financial statements. Copies of the Redrow plc financial statements may be obtained from the Company Secretary, Redrow plc, Redrow House, St David's Park, Flintshire, CH5 3RX.