

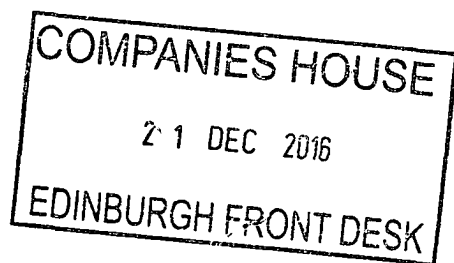
Regenco Borrower Limited

Report and Financial Statements

Period ended

31 March 2016

Company Number 06520889



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Regenco Borrower Limited

Report and financial statements for the period ended 31 March 2016

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Directors

P R Davidson
J C McMahon

Secretary and registered office

K E Murray, 1 Park Row, Leeds LS1 5AB

Company number

06520889

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

Regenco Borrower Limited

Report of the directors for the period ended 31 March 2016

The directors present their report together with the audited financial statements for the period ended 31 March 2016.

Results and dividends

The Statement of Comprehensive Income is set out on page 5 and shows the loss for the period.

Principal activities, business review and future development

The principal activity of the company is that of providing funding and purchasing services for fellow group undertakings which carry out land and property investment in the United Kingdom.

The company is a member of the group headed by Regenco Properties LLP.

The following commentary has been extracted from the audited financial statements of Regenco Properties LLP for the period ended 31 March 2016. This provides details of the current position of the group of which this company is a member and provides context to its intercompany assets and liabilities held as at 31 March 2016:

"The principal activity of the LLP is that of being the parent entity of a group of companies that undertake land and property investment and development activities in the United Kingdom.

During the period, development at Winchburgh has continued towards construction of the first 550 units.

The Winchburgh Development represents one of the UK's single largest residential and mixed use developments with planning. The development area, located eight miles west of Edinburgh, includes plans for the construction of 3,450 new homes, new schools, a town centre, town park, retail facilities and a commercial park, as well as associated infrastructure such as a new motorway junction and train station, including 'park and ride' facilities. The first residential properties were occupied in the Summer of 2013 and there is now in excess of 250 occupations.

At 31 March 2016, the development (land held for development and work-in-progress) is being held at a carrying value in the balance sheet of £110,554,135 (2014: £109,173,816) which is its historical cost to the group. This follows a review of the overall project by the directors of the subsidiary company Winchburgh Developments Limited. The review concluded that the outcome of this long-term project cannot be assessed with reasonable certainty and therefore no profit or loss has been reflected. The review involved the use of material accounting estimates. The accounting estimates related to renegotiated future land payments, obtaining additional consents for land development, obtaining grant funding, discount rates, medium to long term sales inflation and build inflation, future development costs and future income generation expectations, each of which carry a degree of uncertainty which could materially impact the overall outcome of whether the development achieves a profit or makes a loss. These uncertainties will continue to be monitored on a regular basis and should revised estimates suggest that the development has a reasonable certainty of making a profit, an apportionment of this profit will be recognised at such time this is considered appropriate.

During the prior period it became apparent that the development is only sufficiently commercially viable beyond phase 1 with a fundamental shift in material project costs, the most significant of these being land and infrastructure costs. The development is also reliant on current group debt facilities and short term funding continuing to be made available by its ultimate parent entity, West Coast Capital. The directors of the relevant subsidiary companies continue negotiations with the relevant parties."

Directors

The directors of the company during the period were as follows:

P R Davidson
J C McMahon

Regenco Borrower Limited

Report of the directors for the period ended 31 March 2016 (*continued*)

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. 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 judgements and accounting 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 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.

Auditors

Both of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office.

In preparing this Directors' Report advantage has been taken of the small companies' exemption.

On behalf of the Board



J C McMahon
Director

Date: 13th December 2016

Regenco Borrower Limited

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF REGENCO BORROWER LIMITED

We have audited the financial statements of Regenco Borrower Limited for the 15 month period ended 31 March 2016 which comprise the Statement of comprehensive income, Statement of financial position, 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of its loss for the period 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The directors have no expectation for existing debt facilities with the ultimate parent entity to be called in or additional short term funding to not to be made available; however they have been unable to confirm their support intentions. Additionally, the Directors of relevant group companies are continuing negotiations with land owners in respect of varying existing contractual obligations but there is no certainty of success. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern. Any adjustment could include an impairment charge against debtors due from group companies.

Regenco Borrower Limited

Independent auditor's report (*continued*)

Opinion on other matters prescribed by the Companies Act 2006

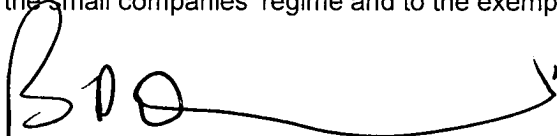
In our opinion the information given in the directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements and the directors' report has been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the company and its environment obtained during the course of the audit we have identified no material misstatements in the directors' report.

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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies' regime and to the exemption from the requirement to prepare a strategic report.



Russell Field (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

Date: 15 December 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Regenco Borrower Limited

Statement of Comprehensive Income for the period ended 31 March 2016

	15 months ended 31 March 2016 £	Year ended 31 December 2014 £
Administrative expenses	(85)	(41)
Loss and total comprehensive loss before and after taxation for the financial period	(85)	(41)

All amounts relate to continuing activities.

The notes on pages 7 to 11 form part of these financial statements.

Regenco Borrower Limited

Statement of Financial Position at 31 March 2016

Company number 6520889	Note	31 March 2016 £	31 December 2014 £
Current assets			
Debtors	6	3,121,456	3,505,222
Cash at bank		2,096	118,170
		<u>3,123,552</u>	<u>3,623,392</u>
Creditors: amounts falling due within one year	7	(739,067)	(1,238,822)
		<u>2,384,485</u>	<u>2,384,570</u>
Total assets less current liabilities			
Capital and reserves			
Called up share capital	8	2,807,674	2,807,674
Profit and loss account	8	(423,189)	(423,104)
		<u>2,384,485</u>	<u>2,384,570</u>
Shareholder's funds			
		<u>2,384,485</u>	<u>2,384,570</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 13th December 2016


J C McMahon
Director

The notes on pages 7 to 11 form part of these financial statements.

Regenco Borrower Limited

Notes forming part of the financial statements for the period ended 31 March 2016

1 Accounting policies

Regenco Borrower Limited is a private company incorporated in England and Wales under the Companies Act.

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, including the July 2015 Section 1A Small Entities amendments. The company has early adopted the provisions of Section 1A which ordinarily come into effect for accounting periods beginning on or after 1 January 2016.

These financial statements for the 15 month period ended 31 March 2016 are the first financial statements of the company prepared in accordance with FRS 102. The date of transition to FRS 102 was 1 January 2014. No material adjustments or restatements were required as a result of the adoption of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company's accounting policies (see note 2).

Going concern

Based on the latest cash flow projections, including the cash requirements of fulfilling current contractual obligations and subject to the expectation that the existing group debt facilities and additional short term funding continues to be made available by the ultimate parent entity the Directors are confident that the Company will be able to meet its liabilities as they fall due for the foreseeable future. It is on this basis that the Directors consider it appropriate to prepare the Company's financial statements on a going concern basis. However, the Directors recognise that although they have no expectation that existing group debt facilities with the ultimate parent entity will be called in or additional short term funding won't continue to be made available, they have been unable to obtain confirmation from the Company's ultimate parent entity, West Coast Capital, of their intentions to support the Company. The Directors of the relevant group companies continue negotiations with the land owners in respect of varying the Company's existing contractual obligations although they recognise that there can be no certainty of success in this respect. The availability of the existing group debt facilities and additional short term funding from the ultimate parent company and success of contract negotiations with land owners are therefore material uncertainties that may cast significant doubt over the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. Any adjustment could include an impairment charge against debtors due from group companies.

The following accounting policies have been adopted by the company and applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Financial instruments

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than its legal form.

The company's cash at bank and in hand and other debtors and its other creditors are measured initially at the transaction price, including transaction costs, and subsequently at amortised cost using the effective interest method.

Regenco Borrower Limited

Notes forming part of the financial statements for the period ended 31 March 2016 (continued)

1 Accounting policies (continued)

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that any change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Company can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the Company's assets, being debtors due from group. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the group. This included accounting estimates related to renegotiated future land payments, obtaining additional consents for land development, obtaining grant funding, discount rates, medium to long term sales inflation and build inflation, future development costs and future income generation expectations, each of which carry a degree of uncertainty which could materially impact the overall outcome of whether the development achieves a profit or makes a loss.

Regenco Borrower Limited

Notes forming part of the financial statements for the period ended 31 March 2016 (*continued*)

3 Auditors' remuneration

Fees for the audit of the company were £750 (31 December 2014 - £750) which has been borne by Winchburgh Developments Limited. Fees payable to the company's auditor in respect of non-audit services were £250 (31 December 2014 - £250).

4 Employees and directors' remuneration

The company employed no staff in the current or prior period. No director received any emoluments from the company during the current or prior period.

5 Taxation

The tax assessed for the period varies from the standard rate of corporation tax in the United Kingdom. A reconciliation is provided below:

	15 months ended 31 March 2016 £	Year ended 31 December 2014 £
Loss on ordinary activities before tax	(85)	(41)
Loss on ordinary activities at the standard average rate of corporation tax in the UK for the period of 20% (31 December 2014 - 21.49%)	(17)	(9)
<i>Effects of:</i> Losses carried forward – deferred tax asset not recognised	17	9
Current tax charge for the period	-	-

Factors that may affect future tax charges

At 31 March 2016, an unprovided deferred tax asset of £20,338 (31 December 2014 - £20,321) relating to revenue related losses at 20% (31 December 2014 - 20%) exists.

Regenco Borrower Limited

Notes forming part of the financial statements for the period ended 31 March 2016 (*continued*)

6 Debtors

	31 March 2016 £	31 December 2014 £
Amounts due from group undertakings	3,031,905	3,412,540
Amounts due from related entity	89,546	92,682
Other debtor	5	-
	<u>3,121,456</u>	<u>3,505,222</u>

All amounts shown under debtors fall due for payment within one year.

Amounts of £3,031,905 (31 December 2014 - £3,412,540) owed by group undertakings are shown net of provisions amounting in total to £318,168 (31 December 2014 - £318,168).

The provisions, which have been charged to the company's profit and loss account in prior periods, reflect the underlying financial position of certain fellow group entities at the balance sheet date and a number of significant accounting estimates made in relation to land held for development and work in progress amounting to £110,554,135 (31 December 2014 - £109,173,816) held within certain group entities. The most significant accounting estimates relate to renegotiated future land payments, obtaining additional consents for land development, obtaining grant funding, discount rates, medium to long term sales inflation and build inflation, future development costs and future income generation expectations, each of which carry a degree of uncertainty which could materially impact the overall outcome of whether the development achieves a profit or makes a loss. These uncertainties will continue to be monitored on a regular basis and should revised estimates suggest that the development has a reasonable certainty of making a profit, an apportionment of this profit will be recognised at such time this is considered appropriate.

7 Creditors: amounts falling due within one year

	31 March 2016 £	31 December 2014 £
Amounts owed to group undertakings	384,013	886,832
Amounts owed to related company	354,974	351,910
Other creditors	80	80
	<u>739,067</u>	<u>1,238,822</u>

8 Share capital

	Allotted, called up and fully paid	
	31 March 2016 £	31 December 2014 £
Ordinary shares of £1 each	<u>2,807,674</u>	<u>2,807,674</u>

Regenco Borrower Limited

Notes forming part of the financial statements for the period ended 31 March 2016 (*continued*)

9 Related party transactions and balances

The company is a wholly owned subsidiary of Regenco Properties LLP and has taken advantage of the exemption provided by FRS102 not to disclose transactions with Regenco Properties LLP or other wholly owned subsidiaries within the group. No other related party transactions have been identified.

At 31 March 2016, the company was owed £89,546 (31 December 2014 - £92,682) by UWRI Limited Partnership, a member of Regenco Properties LLP.

At 31 March 2016, the company owed £354,974 (31 December 2014 - £351,910) to URWI Newco Borrower Limited, a subsidiary company of URWI Limited Partnership. URWI Limited Partnership is an intermediary holding entity of Regenco Properties LLP.

In the opinion of the directors there are no other related party transactions to be disclosed.

10 Controlling party information

At 31 March 2016, the company's ultimate controlling entity was West Coast Capital, a Scottish partnership trading from Marathon House, Olympic Business Park, Drybridge Road, Dundonald. The directors of Regenco Borrower Limited are also partners of West Coast Capital.

The immediate parent entity of the company is Regenco Properties LLP, which is the parent of the smallest group of which the company is a member and for which consolidated accounts are prepared and are filed at Companies House.