

Regenco Borrower Limited

Report and Financial Statements

Year ended

31 December 2014

Company Number 06520889

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Regenco Borrower Limited

Report and financial statements for the year ended 31 December 2014

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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 year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the year.

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 year ended 31 December 2014. 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 December 2014:

"During the year, the development at one of the UK's single largest residential and mixed use development sites at Winchburgh has continued, completing further land sales both during and since the end of the financial year.

As indicated in prior years' accounts, the outcome of this long-term project is assessed using material accounting estimates in relation to sales and build inflation, future development costs and future income generation expectations.

As the development is nearing the end of the first phase and with the benefit of phase one sales and cost information, a detailed review of all income and cost projections in relation to the next phase of the development has been undertaken. This assessment of the long-term project determines the carrying value of the development at 31 December 2014 which is held in the balance sheet at £109,173,816 (2013 - £109,928,184) on the basis that the development is completed.

However, it has become 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 have commenced negotiations with the relevant parties."

Directors

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

P R Davidson
J C McMahon

Regenco Borrower Limited

Report of the directors for the year ended 31 December 2014 (*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 2nd OCTOBER 2015

Regenco Borrower Limited

Independent auditor's report

TO THE MEMBERS OF REGENCO BORROWER LIMITED

We have audited the financial statements of Regenco Borrower Limited for the year ended 31 December 2014 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 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 December 2014 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.

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. As set out in note 1, there are material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, in respect of continued availability of existing group debt facilities, the availability of further short term funding as required and success of contract negotiations. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matters 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.

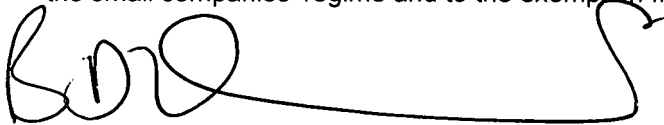
Regenco Borrower Limited

Independent auditor's report (*continued*)

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 *6 October 2015*

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

Regenco Borrower Limited

Profit and loss account for the year ended 31 December 2014

	Note	2014 £	2013 £
Administrative expenses		(41)	(280)
Operating loss		(41)	(280)
Interest receivable		-	1,905
(Loss)/profit on ordinary activities before and after taxation for the financial year	10	(41)	1,625

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 7 to 10 form part of these financial statements.

Regenco Borrower Limited

Balance sheet at 31 December 2014

<i>Company number 6520889</i>	Note	2014 £	2013 £
Current assets			
Debtors	7	3,505,222	3,072,536
Cash at bank		118,170	2,434
		<u>3,623,392</u>	<u>3,074,970</u>
Creditors: amounts falling due within one year	8	(1,238,822)	(690,359)
		<u>2,384,570</u>	<u>2,384,611</u>
Total assets less current liabilities			
Capital and reserves			
Called up share capital	9	2,807,674	2,807,674
Profit and loss account	10	(423,104)	(423,063)
		<u>2,384,570</u>	<u>2,384,611</u>
Shareholder's funds	11	2,384,570	2,384,611

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 2ND OCTOBER 2015



J C McMahon
Director

The notes on pages 7 to 10 form part of these financial statements.

Regenco Borrower Limited

Notes forming part of the financial statements for the year ended 31 December 2014

1 Accounting policies

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.

Basis of preparation

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

Based upon the latest cash flow projections, including the cash requirements of fulfilling current contractual obligations and subject to the expectation that existing group debt facilities and additional short term funding continues to be made available by the ultimate parent company, 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 company will be called in 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 have commenced negotiations with the land owners in respect of varying those companies' 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.

Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as the directors believe that the company is a "small entity" as defined under section 382 of the Companies Act 2006.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Auditors' remuneration

The fee for the audit of the company was £750 which has been borne by Regenco Properties LLP (2013 - £1,500).

The consolidated accounts of Regenco Properties LLP disclose details of any non-audit fees paid to the company's auditors by the group.

Regenco Borrower Limited

Notes forming part of the financial statements for the year ended 31 December 2014 (*continued*)

3 Employees

The company employed no staff in the current or prior year.

4 Directors' remuneration

No director received any emoluments from the company during the current or prior year.

5 Taxation

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

	2014 £	2013 £
(Loss)/profit on ordinary activities before tax	(41)	1,625
(Loss)/profit on ordinary activities at the standard average rate of corporation tax in the UK for the year of 21.49 % (2013 - 23.25%)	(9)	378
<i>Effects of:</i>		
Losses carried forward – deferred tax asset not recognised	9	-
Utilisation of taxable losses	-	(378)
Current tax charge for the year	-	-

Factors that may affect future tax charges

At 31 December 2014, an unprovided deferred tax asset of £20,321 (2013 - £20,313) relating to revenue related losses at 20% (2013 - 20%) exists.

6 Interest payable

	2014 £	2013 £
Other interest payable	-	-

Regenco Borrower Limited

Notes forming part of the financial statements for the year ended 31 December 2014 (continued)

7 Debtors

	2014 £	2013 £
Amounts due from group undertakings	3,412,514	2,979,880
Amounts due from related entity	92,682	92,656
	<u>3,505,222</u>	<u>3,072,536</u>

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

Amounts of £3,412,514 (2013 - £2,979,880) owed by group undertakings are shown net of provisions amounting in total to £318,168 (2013 - £318,168).

The provisions, which have been charged to the company's profit and loss account, 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 £109,173,816 (2013 - £109,928,184) held by the group headed by Regenco Properties LLP. The most significant accounting estimates relate to 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.

8 Creditors: amounts falling due within one year

	2014 £	2013 £
Amounts owed to group undertakings	886,832	345,562
Amounts owed to related company	351,910	344,717
Other creditors	80	80
	<u>1,238,822</u>	<u>690,359</u>

9 Share capital

	Allotted, called up and fully paid 2014 £	2013 £
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 year ended 31 December 2014 (continued)

10 Reserves

	Profit and loss account £
At 1 January 2014	(423,063)
Loss for the year	(41)
	<hr/>
At 31 December 2014	(423,104)
	<hr/>

11 Reconciliation of movements in shareholder's funds

	2014 £	2013 £
(Loss)/profit for the year	(41)	1,625
	<hr/>	<hr/>
Net movement in shareholder's funds	(41)	1,625
Opening shareholder's funds	2,384,611	2,382,986
	<hr/>	<hr/>
Closing shareholder's funds	2,384,570	2,384,611
	<hr/>	<hr/>

12 Related party transactions and balances

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose details of any transactions with members of the group headed by Regenco Properties LLP on the grounds that 100% of the voting rights in the company are wholly controlled within that group and the company is included in consolidated financial statements.

At 31 December 2014, the company was owed £92,656 (2013 - £92,656) by UWRI Limited Partnership, a member of Regenco Properties LLP.

At 31 December 2014, the company owed £351,911 (2013 - £344,333) 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.

12 Controlling party information

At 31 December 2014, 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.

An 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.