

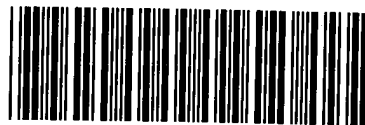
**Registered number**  
**07844719**

**SRE Properties (Westbourne Grove) Limited**

**Annual report and financial statements**

**for the year ended**  
**31 October 2015**

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**SRE Properties (Westbourne Grove) Limited**  
**Annual report and financial statements for the year ended**  
**31 October 2015**

**Contents**

	<b>Page</b>
Company information	1
Directors' report	2-3
Statement of directors' responsibilities	4
Independent auditors' report	5-6
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes to the financial statements	10-14

**SRE Properties (Westbourne Grove) Limited**  
**Company information for the year ended 31 October 2015**

**Director**

Mr R J Livingstone  
Mr R N Luck

**Company secretary**

Mr R N Luck

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
1 Embankment Place  
London  
WC2N 6RH

**Registered office**

Quadrant House, Floor 6  
4 Thomas More Square  
London  
E1W 1YW

**Registered number**

07844719

## **SRE Properties (Westbourne Grove) Limited**

### **Directors' report for the year ended 31 October 2015**

The directors present their report and the audited financial statements of the company for the year to 31 October 2015.

#### **Principal activities**

The company acts as a property investment company.

#### **Results, dividends and future developments**

The results for the financial year are set out in the profit and loss account on page 7. The company made a loss of £325,176 (2014: £460,264) for the year to 31 October 2015. Net assets were £1,278,491 at the year end (2014: £46,878 net liabilities). The directors consider the financial position and future prospects at 31 October 2015 to be satisfactory.

The directors do not recommend the payment of a dividend (2014: £nil).

#### **Charitable and political donations**

During the year there were no charitable or political donations made (2014: £nil)

#### **Directors**

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

Mr R J Livingstone  
Mr R Luck

#### **Going concern**

The company's bank loan was repayable in full on 7 January 2016. This loan has now been extended such that it is now repayable in December 2016. Whilst the directors are confident that a further extension or the securing of replacement financing facilities can be achieved by that date, at the time of approving these financial statements there is no certainty that this outcome will occur.

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of SRE Portfolios UK Limited, an intermediate parent company. The directors have received confirmation that SRE Portfolios UK Limited intends to support the company for at least one year after these financial statements are signed.

#### **Qualifying third party indemnity provisions**

The company maintains liability insurance for its directors and officer. Following shareholder approval, the company has also provided an indemnity for its directors and the company secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

The qualifying third party indemnity provision was in force during the financial year and also at the date of approval of these financial statements.

#### **Disclosure of information to auditors**

The directors confirm that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they 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 company's auditors are aware of that information.

**SRE Properties (Westbourne Grove) Limited**  
**Directors' report for the year ended 31 October 2015 (continued)**

**Independent auditors**

In the absence of a notice proposing that their appointment be terminated, PricewaterhouseCoopers LLP, are deemed to have been re-appointed as auditors for the next year.

The report has been prepared in accordance with the special provisions relating to companies subject to the small companies exemption within Part 15 of the Companies Act 2006 and the company is therefore exempt from the requirement to prepare a Strategic Report.

Approved by the board of directors and signed by order of the board



Mr R N Luck  
Company secretary  
16 JUNE 2016

**SRE Properties (Westbourne Grove) Limited**  
**Statement of Directors' Responsibilities**  
**for the year ended 31 October 2015**

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.

By order of the board



Mr R N Luck  
Company secretary  
16 JUNE 2016

# ***Independent auditors' report to the members of SRE Properties (Westbourne Grove) Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, SRE Properties (Westbourne Grove) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 October 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 31 October 2015;
- the profit and loss account and statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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## **Opinion on other matter prescribed by the Companies Act 2006**

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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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## **Other matters on which we are required to report by exception**

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### **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.

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### **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.

# ***Independent auditors' report to the members of SRE Properties (Westbourne Grove) Limited (continued)***

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## **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 from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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.

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### **What an audit of financial statements involves**

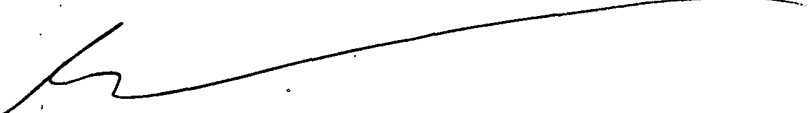
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.



Suzanne Woolfson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
16 June 2016



**SRE Properties (Westbourne Grove) Limited**  
**Profit and loss account**  
**for the year ended 31 October 2015**

	Note	2015 £	2014 £
<b>Turnover</b>		317,720	324,740
Administrative expenses		(15,999)	(13,780)
<b>Operating profit</b>	2	<u>301,721</u>	<u>310,960</u>
Interest payable and similar charges	3	(626,897)	(771,224)
<b>Loss on ordinary activities before taxation</b>		<u>(325,176)</u>	<u>(460,264)</u>
Tax on loss on ordinary activities	5	-	-
<b>Loss for the financial year</b>	13	<u>(325,176)</u>	<u>(460,264)</u>

All amounts relate to continuing operations.

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

**SRE Properties (Westbourne Grove) Limited**  
**Statement of total recognised gains and losses**  
**for the year ended 31 October 2015**

	Notes	2015 £	2014 £
Loss for the financial year		(325,176)	(460,264)
Unrealised surplus on revaluation of investment properties	6	1,150,545	892,065
Total recognised gains and losses related to the year		<u>825,369</u>	<u>431,801</u>

**SRE Properties (Westbourne Grove) Limited**  
**Balance sheet**  
**as at 31 October 2015**

**Registered number**  
**07844719**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Investment properties	6	9,900,000	8,600,000
<b>Current assets</b>			
Debtors	7	14,632	45,515
Cash at bank and in hand		89,456	12,920
		<u>104,088</u>	<u>58,435</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(290,204)</u>	<u>(142,503)</u>
<b>Net current liabilities</b>		(186,116)	(84,068)
<b>Total assets less current liabilities</b>		<u>9,713,884</u>	<u>8,515,932</u>
<b>Creditors: amounts falling due after more than one year</b>	9	(8,935,393)	(8,562,810)
<b>Net assets/(liabilities)</b>		<u>778,491</u>	<u>(46,878)</u>
<b>Capital and reserves</b>			
Called up share capital	11	1,000	1,000
Revaluation reserve	12	1,638,140	487,595
Profit and loss account	13	(860,649)	(535,473)
<b>Total shareholders' funds/(deficit)</b>	14	<u>778,491</u>	<u>(46,878)</u>

These financial statements were approved by the Board of Directors on **16 JUNE** 2016  
and signed on its behalf by



Mr R N Luck  
**Director**  
**16 JUNE** 2016

**SRE Properties (Westbourne Grove) Limited**  
**Notes to the financial statements**  
**for the year ended 31 October 2015**

**1 Accounting policies**

**Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention as modified for the revaluation of investment properties, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

**Investment properties**

In accordance with SSAP 19 'Accounting for investments properties', investment properties are revalued by the directors annually on an open market basis and independently valued when required by SSAP 19. Any changes in the market value of investment properties are taken to the statement of total recognised gains and losses and transferred to the revaluation reserve, unless a deficit (or its reversal) on an individual investment property is expected to be permanent, in which case it is charged (or credited) to the profit and loss account of the period.

No depreciation is provided in respect of investment properties. The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with SSAP 19 and the director considers that to depreciate would not give a true and fair view.

The depreciation (which would, had the provisions of the Act been followed, have been charged to the profit and loss account) is only one of the factors reflected in the valuation and the amount attributable to this factor cannot reasonably be separately identified or quantified.

**Going concern**

The company's bank loan was repayable in full on 7 January 2016. This loan has now been extended such that it is now repayable in December 2016. Whilst the directors are confident that a further extension or the securing of replacement financing facilities can be achieved by that date, at the time of approving these financial statements there is no certainty that this outcome will occur.

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of SRE Portfolios UK Limited, an intermediate parent company. The directors have received confirmation that SRE Portfolios UK Limited intends to support the company for at least one year after these financial statements are signed.

**Finance costs**

Finance costs, including issue costs which are initially recognised as a reduction in the proceeds of the associated capital instrument, are amortised over the period of the loans in accordance with FRS 4 'Capital instruments'.

**Cash flow statement**

The company has taken advantage of the exemption in the Financial Reporting Standards No 1 (Revised 1996) 'Cash flow statements' from including a cash flow statement in the financial statements on the grounds that the company is a wholly owned and its ultimate parent publishes a consolidated cash flow statement.

**Turnover**

Turnover represents rental income and recoverable property expenses, net of value added tax. Rental income is recognised over the term of the lease on a straight-line basis. The total turnover of the company for the period has been derived from its principal activity, wholly undertaken in the UK.

**Deferred income**

Income from properties is allocated in the year to which it relates, with payments received in advance held as deferred income and credited to the profit and loss when earned.

**SRE Properties (Westbourne Grove) Limited**  
**Notes to the financial statements**  
**for the year ended 31 October 2015**

<b>2 Operating profit</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Auditors' remuneration	<u>3,250</u>	<u>3,100</u>

<b>3 Interest payable and similar charges</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	154,314	157,973
Interest payable to group undertakings	409,692	518,015
Amortisation of finance costs	19,356	32,860
Other interest	<u>43,535</u>	<u>62,376</u>
	<u>626,897</u>	<u>771,224</u>

**4 Directors' emoluments**

The directors did not receive any emoluments in respect of their services to the company (2014: £nil). The company has no employees other than the directors (2014:nil).

**5 Tax on loss on ordinary activities**

No tax has been provided for due to taxable losses in the year.

**Factors affecting tax charge for the year**

From 1 April 15 the rate of corporation tax has reduced from 21% to 20%, giving a blended average rate for the year of 20.42%.

The tax assessed for the year is different (2014: different) to the blended rate of corporation tax in the UK of 20.42% (2014: 21.83%). The differences are explained below:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before taxation	<u>(325,176)</u>	<u>(460,264)</u>
	<b>£</b>	<b>£</b>
Loss on ordinary activities multiplied by the blended rate of corporation tax in the UK	(66,401)	(100,476)
<b>Effects of:</b>		
Surrender of tax losses	37,869	42,214
Disallowable expenses	28,532	58,262
<b>Current tax charge for the year</b>	<u>-</u>	<u>-</u>

**SRE Properties (Westbourne Grove) Limited**  
**Notes to the financial statements**  
**for the year ended 31 October 2015**

**5 Tax on loss on ordinary activities (continued)**

The company surrendered the benefit of tax losses to fellow subsidiary undertakings amounting to £185,450 (2014: £193,376). No payment was received for this surrender.

No provision has been made for deferred tax on gains recognised on revaluing the property to its open market value. The directors have no intention of selling the property, and therefore, at present, it is not envisaged that any tax will become payable in the foreseeable future. The directors consider that it is too onerous to provide an estimate of the tax that would be payable if the property was sold at the value shown. Such a tax estimate is not considered meaningful as properties are often divested through the sale of companies.

**Factors that may affect future tax charges**

Changes to the UK corporation tax rates were announced in the Chancellor's Budget in July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. As these changes had not been substantively enacted at the balance sheet date the effects are not included in these financial statements.

**6 Investment properties**

	<b>Freehold Land and Buildings £</b>
<b>Valuation</b>	
At 1 November	8,600,000
Additions	149,455
Surplus on revaluation	1,150,545
At 31 October	<u>9,900,000</u>
 Cost	 <u>8,261,860</u>

At 31 October 2015, the investment property was valued by the directors after taking independent advice from a professional valuer on an open market value basis. The valuation has been made in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors in the United Kingdom.

<b>7 Debtors</b>	<b>2015 £</b>	<b>2014 £</b>
Trade debtors	10,187	45,514
Other debtors	4,445	1
	<u>14,632</u>	<u>45,515</u>

Other debtors includes unpaid share capital of £1 (2014: £1).

<b>8 Creditors: amounts falling due within one year</b>	<b>2015 £</b>	<b>2014 £</b>
Trade creditors	105,016	62,554
Amounts owed to group undertakings	105,652	-
Taxation and social security costs	1,477	7,239
Other creditors	-	7,149
Accruals and deferred income	78,059	65,561
	<u>290,204</u>	<u>142,503</u>

Amounts owed to group undertakings are interest free, repayable on demand and unsecured.

**SRE Properties (Westbourne Grove) Limited**  
**Notes to the financial statements**  
**for the year ended 31 October 2015**

<b>9 Creditors: amounts falling due after more than one year</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Bank loans (note 10)	3,950,000	4,030,644
Amounts owed to group undertakings	4,506,610	4,096,918
Other creditors	478,783	435,248
	<u>8,935,393</u>	<u>8,562,810</u>

Bank loans are stated net of finance charges of £nil (2014: £19,356) to be allocated to future years.

The amounts owed to group undertakings bear interest at 10%, are unsecured and are repayable when the property is sold.

<b>10 Bank loans</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Loans wholly repayable within five years:		
Bank loan	<u>3,950,000</u>	<u>4,030,644</u>
Analysis of maturity of debt:		
Between one and two years	<u>3,950,000</u>	<u>4,030,644</u>

The bank loan is secured over the investment property of the company. The loan is repayable by a bullet in December 2016. It bore interest at a margin of 3.25% over LIBOR (reduced to 2.75% from 29 January 2016).

<b>11 Called up share capital</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Authorised:		
1,000 (2014: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
2015	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Allotted, called up and unpaid:		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

<b>12 Revaluation reserve</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
At 1 November	487,595	(404,470)
Gain arising on revaluation during the year	1,150,545	892,065
At 31 October	<u>1,638,140</u>	<u>487,595</u>

<b>13 Profit and loss account</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
At 1 November	(535,473)	(75,209)
Loss for the financial year	(325,176)	(460,264)
At 31 October	<u>(860,649)</u>	<u>(535,473)</u>

**SRE Properties (Westbourne Grove) Limited**  
**Notes to the financial statements**  
**for the year ended 31 October 2015**

<b>14 Reconciliation of movements in shareholders' funds/(deficit)</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
At 1 November	(46,878)	(479,678)
Loss for the financial year	(325,176)	(460,264)
Gain arising on revaluation during the year	1,150,545	892,065
Shares issued	-	999
At 31 October	<u>778,491</u>	<u>(46,878)</u>

**15 Related party transactions**

During the year the company borrowed a further £409,692 (2014: £518,015) from Strategic Investments Portfolio Limited, an indirect subsidiary of SREP Holdings Limited, being accrued interest payable of £409,692 (2014: £518,015). Consequently the outstanding amount at the year end is £4,506,610 (2014: £4,096,918).

At the year end the company has a debtor balance (note 7) with London and Regional Properties Limited of £4,444 (2014: creditor balance of £7,149). London and Regional Properties Limited shares the same ultimate controlling parties as the company.

During the year the company borrowed £105,652 (2014: £nil) from SRE Haverstock Hill Limited (note 8). This is interest free and repayable on demand.

**16 Ultimate parent undertaking and controlling party**

The immediate parent undertaking is SRE Hotel Holdings Sarl, a company incorporated and registered in Luxembourg.

The ultimate parent undertaking is SREP Holdings Limited, a company incorporated in England & Wales.

SREP Holdings Limited is the smallest and largest group of undertakings to consolidate these financial statements as at 31 October 2015. The consolidated financial statements of SREP Holdings Limited can be obtained from the company secretary at:

Quadrant House  
Floor 6  
4 Thomas More Square  
London  
E1W 1YW

The ultimate controlling parties are I M Livingstone and R J Livingstone through their joint ownership of SREP Holdings Limited.