

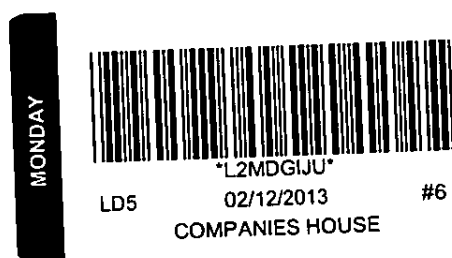
**Company No. 08051442**

**FITZROY PLACE RESIDENTIAL LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE PERIOD FROM 30 APRIL 2012 TO**

**31 DECEMBER 2012**



**Fitzroy Place Residential Limited**  
**Registered in England and Wales Company No 08051442**

## **Annual Report and Financial Statements**

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**Fitzroy Place Residential Limited**  
Registered in England and Wales Company No 08051442

## **Report and Financial Statements**

## **Directors and Officers**

### **Directors**

Anna Sigridur Arnardottir (appointed 30 April 2012)  
Bjorg Arnardottir (appointed 30 April 2012)  
Johann Petur Reyndal (appointed 30 April 2012)  
Richard Peter Jones (appointed 30 April 2012)  
Marcus Owen Shepherd (appointed 30 April 2012, resigned 11 February 2013)  
Neil Johnston Gardiner (appointed 15 February 2013)

### **Company Secretary**

Aviva Company Secretarial Services Limited  
St Helen's  
1 Undershaft  
London  
EC3P 3DQ

### **Registered Office**

No 1 Poultry  
London  
EC2R 8EJ

### **Bankers**

Barclays Bank PLC  
1 Churchill Place  
London  
E14 5HP

### **Auditors**

KPMG LLP  
15 Canada Square  
London  
E14 5GL  
KPMG LLP

### **Company Number**

Registered in England and Wales No 8051442

## **Directors' Report**

The Directors present the Company's Annual Report and the audited financial statements for the period from 30 April 2012 to 31 December 2012

### **Incorporation**

Fitzroy Place Residential Limited was incorporated on 30 April 2012 and is constituted and regulated by the Companies Act 2006

### **Directors**

The Directors who served for the period from 30 April 2012 to 31 December 2012 are

Anna Sigríður Arnardóttir (appointed 30 April 2012)  
Bjorg Arnardóttir (appointed 30 April 2012)  
Johann Petur Reyndal (appointed 30 April 2012)  
Richard Peter Jones (appointed 30 April 2012)  
Marcus Owen Shepherd (appointed 30 April 2012, resigned 11 February 2013)  
Neil Johnston Gardiner (appointed 15 February 2013)

### **Principal Activities**

The principal activity of the Company is to generate profits by undertaking a trade of residential property development

The directors have reviewed the activities of the Company for the year and the position as at 31 December 2012 and consider them to be satisfactory

### **Business Review**

#### **Financial Position and Performance**

The financial position of the Company at the period end is shown in the Balance Sheet on page 8, with results shown in the Profit and Loss account on page 7

#### **Future Outlook**

The directors expect the level of activity to be maintained in the foreseeable future

#### **Principal Risks and Uncertainties**

The key risk arising in the Company is market risk which is discussed in more detail in Note 10

#### **Key Performance Indicators ('KPI')**

The directors consider that the key performance indicator for the Company's business is post tax profit/(loss) The loss for the financial year amounted to £1,290,894

#### **Results and dividends**

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements

The directors do not recommend the payment of a dividend for the year ending 31 December 2012 (2011 £nil)

## **Directors' Report (*continued*)**

### **Going Concern**

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis preparing the financial statements.

### **Creditor Payment Policy**

It is the Company's policy to pay creditors when they fall due for payment. There is no trade creditor in the current or prior year.

### **Employees**

The Company has no employees.

### **Provision of information to Auditor**

In so far as each Director of the Company is aware:

- (a) far as the director is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- (b) each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Auditor**

KPMG LLP having consented to act have been appointed auditor of the Company to hold office until the Directors determine otherwise. It is the intention of the directors to reappoint the auditor under the deemed reappointment rules of Section 487 of the Companies Act 2006.

## 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership 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.

Approved by the Board of Directors of Fitzroy Place Residential Limited and signed on its behalf by

  
Director NEIL GARDINER

Date 15 NOVEMBER 2013

For Fitzroy Place Residential Limited  
No 1 Poultry  
London  
EC2R 8EJ

## **Independent Auditor's Report to Members of Fitzroy Place Residential Limited**

We have audited the financial statements of Fitzroy Place Residential Limited for the period ended 31 December 2012 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://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 2012 and of its loss for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to Members of  
Fitzroy Place Residential Limited (*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



**Shaun Kirby (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square

London

E14 5GL

26 November 2013

**Profit and Loss Account**  
**For the period from 30 April 2012 to 31 December 2012**

	Notes	Period from 30 April 2012 to 31 December 2012 £
Administrative expenses	2	<u>(1,290,894)</u>
<b>Operating loss</b>		<b>(1,290,894)</b>
Other interest receivable and similar income		-
<b>Loss on ordinary activities for the period appropriated to</b>	<b>7</b>	<b><u>(1,290,894)</u></b>

All results relate to continuing operations in the United Kingdom, arising from the Company's principal activity

There is no material difference between the profit shown and that calculated on a historic cost basis

No other gains or losses arose in the current period other than those reported above

The notes on pages 9 to 13 form part of these financial statements

**Balance Sheet**  
**As at 31 December 2012**

	Notes	2012 £
<b>Current assets</b>		
Inventories	3	160,429,394
Debtors	4	26,978
Cash at bank and in hand		1,096,678
		<u>161,553,050</u>
<b>Creditors: amounts falling due within one year</b>	5	<u>(4,479,524)</u>
<b>Net current assets</b>		157,073,526
<b>Total assets less current liabilities</b>		<u>157,073,526</u>
<b>Creditors: amounts falling due after more than one year</b>	6	<u>(128,170,819)</u>
<b>Net assets</b>		<u>28,902,707</u>
<b>Capital and reserves</b>		
Share capital	7	30,193,601
Revenue reserves	7	<u>(1,290,894)</u>
<b>Shareholders' funds</b>		<u>28,902,707</u>

The financial statements were approved and authorised for issue by the Board on 15 NOVEMBER 2013 and signed on its behalf by



NEIL GARDENER  
Director

Date

15 NOVEMBER 2013

The notes on pages 9 to 13 form part of these financial statements

## Notes to the Financial Statements For the period from 30 April 2012 to 31 December 2012

### 1. ACCOUNTING POLICIES

#### Basis of accounts preparation

The accounts are prepared in accordance with applicable United Kingdom Accounting Standards. The particular accounting policies adopted are described below and have been applied consistently throughout the current period.

#### Accounting convention

The accounts are prepared under the historical cost convention and on the going concern basis.

#### Taxation

The current tax expense is based on the taxable profits or losses for the period. Tax, including tax relief for losses if applicable, is allocated over profits before taxation and amounts charged or credited to reserves as appropriate.

Provision is made for deferred tax liabilities, or credit taken for deferred tax assets, using the liability method, on all material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Legislation already enacted at the balance sheet date means that with effect from 1 April 2012 the corporate tax rate was expected to reduce to 26% (from 27%). In the Budget of 21 March 2012 the Chancellor announced that instead of reducing to 26% from 1 April 2012, the corporation tax rate would in fact reduce to 24%. This further reduction was not substantively enacted at 31 December 2011, hence the 26% rate has been applied in the accounts. Subsequent reductions of 1% each year thereafter until it reaches 22% from 1 April 2014 were also confirmed, and are to be dealt with by future legislation.

#### Cash flow

Under the provisions of Financial Reporting Standard 1 (revised 1996) 'Cash Flow Statements', the Company is exempt from the requirement to produce a cash flow statement on the grounds that it qualifies as a small entity.

#### Inventories

Inventory is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less additional costs of sale. Interest on loans is capitalised and included in the carrying value of inventory.

#### Debtors

Debtors are recognised at fair value.

#### Creditors

Creditors are recognised at fair value.

#### Loans

Loans and borrowings are recognised at fair value, net of issue costs directly attributable with the borrowing. Interest on loans is capitalised and included in the carrying value of inventory.

**Notes to the Financial Statements**  
**For the period from 30 April 2012 to 31 December 2012**

**2 Operating loss**

	<b>2012</b>
	<b>£</b>
Operating loss is stated after charging	
Asset management fees	(781,034)
Operator fees	(13,238)
Legal and professional fees	(96,084)
Rates expense	(266,274)
Repairs and maintenance	(3,884)
Sundry expenses	(25,202)
Ground rent	(72,093)
Audit fees	(6,588)
Agent fees	(26,497)
	<u>(1,290,894)</u>

**3. Inventories**

	<b>2012</b>
	<b>£</b>
Opening balance	-
Transfer of costs from 2-10 Mortimer Street LP	15,465,340
Costs during the period	144,964,054
As at 31 December 2012	<u>160,429,394</u>

Included within the cost of the inventories is £4,224,366 of capitalised interest on intercompany loans

**4. Debtors**

	<b>2012</b>
	<b>£</b>
Other debtors	26,978
	<u>26,978</u>

**Notes to the Financial Statements**  
**For the period from 30 April 2012 to 31 December 2012**

**5. Creditors: amounts falling due within one year**

	<b>2012</b>
	<b>£</b>
Trade and other creditors	(31,400)
Accruals	(4,448,124)
As at 31 December 2012	<u>(4,479,524)</u>

**6. Creditors: amounts falling due after more than one year**

	<b>2012</b>
	<b>£</b>
Deposits received from pre sale of units	(25,055,886)
Intercompany loan from 2-10 Mortimer Street Limited Partnership	(103,114,933)
	<u>(128,170,819)</u>

Intercompany loans consist of a Tranche A and Tranche B. Tranche A has an interest rate of 7.0% and Tranche B has an interest rate of 10.0%. Tranche A has a facility limit of £120,774,406 or up to 50% of total development costs and Tranche B has a facility limit of £60,387,203 or up to 75% of total development costs. The balance of each loan drawn down at 31 December 2012 was £103,114,933 and £nil respectively. Capitalised interest of £4,224,366 was included in the drawdown Tranche A balance. Both loans are repayable on 8 November 2020.

**Notes to the Financial Statements**  
**For the period from 30 April 2012 to 31 December 2012**

**7. Movement in shareholders' funds**

	<b>£ 1 Ordinary shares</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Capital account</b>		
Shares issued in the period	30,193,601	30,193,601
<b>At 31 December 2012</b>	<b>30,193,601</b>	<b>30,193,601</b>
	<b>Revenue account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Net revenue account</b>		
Opening balances	-	-
Loss for the period	(1,290,894)	(1,290,894)
<b>At 31 December 2012</b>	<b>(1,290,894)</b>	<b>(1,290,894)</b>
<b>TOTAL</b>	<b>28,902,707</b>	<b>28,902,707</b>

**8. Risk management policies**

**The Aviva Group's approach to risk and capital management**

The Aviva Group ("Aviva") operates within its own governance structure and priority framework. It also has its own established governance framework, with clear terms of reference for the Board and Aviva Executive committee and a clear organisation structure, with documented delegated authorities and responsibilities (largely through role profiles). Aviva has an Audit Committee, which includes shareholder representatives.

**Management of financial and non-financial risks**

The Company's exposure to different types of risk is limited by the nature of its business as follows:

*Market risk*

The Company's principal exposure to market risk takes the form of property valuations, which have a direct impact on the return from investments. The management of this risk falls within the mandate of Aviva Investors Global Services Limited, which makes and manages investments on behalf of the Company.

*Operational risk*

Operational risk arises as a result of inadequate or failed internal processes, people or systems, or from external events. Details of the Aviva Group approach to operational risk are set out in the financial statements of Aviva Investors Global Services Limited, which manages and administers the Company's investments.

*Liquidity risk*

Liquidity risk is managed by ensuring that there is always sufficient headroom available to meet the working capital requirements of the business.

**Notes to the Financial Statements**  
**For the period from 30 April 2012 to 31 December 2012**

**9. Contingent liabilities and commitments**

There were no contingent liabilities or commitments at the balance sheet date

**10. Related party transactions**

**(a) Key management compensation**

The members of the Board of Directors, who are considered to be the key management of the Company, are listed on page 1 of these financial statements

There are no accounts receivable from or payments due to members of the Board of Directors

**(b) Services provided to related parties**

The Company did not provide services to any related parties during the period

**(c) Services provided by related parties**

Asset management and operator fees of £781,034 and £13,238 respectively were incurred during the period. These fees were owed to 2-10 Mortimer Street Limited Partnership, whose General Partner, 2-10 Mortimer Street GP Limited, is the Company's immediate parent undertaking. Asset management and operator fees payable at the balance sheet date are £283,566 and £4,806 respectively. These are not secured and no guarantees were received in respect thereof.

At 31 December 2012 the Company had loans outstanding due to 2-10 Mortimer Street Limited Partnership of £103,114,932, as described on page 11 of these financial statements. 2-10 Mortimer Street Limited Partnership is entitled to any security interest with respect to Tranche A loans.

**11. Parent and ultimate controlling entity**

The Company's immediate parent undertaking is 2-10 Mortimer Street GP Limited, a company registered in England and Wales.

2-10 Mortimer Street GP Limited is owned equally by Norwich Union (Shareholder GP) Limited and Haukthing hf which is controlled by Kaupthing hf. Neither party has overall control.

Norwich Union (Shareholder GP) Limited is a wholly owned subsidiary of Aviva Life & Pensions UK Limited, whose ultimate controlling entity is Aviva plc.

Copies of the financial statements of Aviva plc are publicly available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.