

CPB Residential Finance Limited
Audited Financial Statements for the year ended 30 September 2016
together with Directors' Report and Independent Auditor's Report

Registered Number: 08516609



CPB Residential Finance Limited

Company information for the year ended 30 September 2016

Company registration number: 08516609

Registered office: 3rd Floor
9 Berkeley Street
London
W1J 8DW

Directors: Iorweth Antcliff
Sally Margaret Doyle-Linden
Sigvard Oscar von Reis
Andrew Blenkinsop (alternate to Iorweth Antcliff)
William Nicholson (alternate to Sigvard Oscar von Reis)

Bankers: Royal Bank of Scotland
48 Haymarket
London
SW1Y 4SE

Auditors: Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

CPB Residential Finance Limited

Company information for the year ended 30 September 2016

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CPB Residential Finance Limited

Strategic Report for the year ended 30 September 2016

Principal activity

The principal activity of the company during the year was undertaking the issuing of loan finance to borrowers within the property development industry. The company was incorporated in the United Kingdom on 3 May 2013 as a wholly owned subsidiary of CPBM Finance Limited.

Business review and key performance indicators

As at 30 September 2016 total outstanding net loans to developers were approximately £165m. Loan volumes for the year were broadly in line with the company's business plan.

The company's key performance indicators for the year are as follows:

	2016	2015
	£'000	£'000
Turnover	29,952	19,253
Total comprehensive income	211	(80)
Total comprehensive income as a percentage of turnover (%)	0.70	(0.42)
Net loan balance outstanding	164,846	200,039

Principal risks and uncertainties

Financial risk management objectives and policies

Interest rate risk

A material rise in UK market interest rates could have a negative impact on the value of UK real estate and may reduce the appetite of real estate developers to take on debt financing for projects. If this led to a reduction in loan volumes then the company's income would be adversely affected. The company closely monitors market expectations of future interest rates.

Foreign exchange risk

The company's loans and funding are denominated in sterling therefore the company does not bear any direct foreign exchange risk.

Liquidity risk

The company is financed by its immediate parent company. To the extent that the immediate parent becomes unable to provide finance the activities of the company could be adversely affected.

Credit risk

The nature of the company's funding is such that the credit risk is not borne by the company but by its immediate parent.

Loan volume risk

The company's income is based on the volume of loans outstanding over time. If the volume of loans were to fall significantly then the company's income would be adversely affected.

CPB Residential Finance Limited

Strategic Report for the year ended 30 September 2016 (continued)

Future developments

It is expected that the total comprehensive income for the coming year will be positive.

This report was approved by the Board and signed on its behalf.

A handwritten signature in black ink, consisting of a stylized 'I' followed by a series of loops and a long horizontal stroke.

Iorweth Antcliff
Director

Date: 20 DECEMBER 2016

CPB Residential Finance Limited

Director's Report

The Directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the year ended 30 September 2016.

Results

The profit attributable to shareholders was £206,205 (2015: £80,000 loss). No dividends have been proposed or paid in respect of the year under review (2015: £nil).

Directors

The Directors of the company who served during the year and through to the date of this report are:

Iorweth Antcliff
Sally Margaret Doyle-Linden
Sigvard Oscar von Reis
Andrew Blenkinsop (alternate to Iorweth Antcliff)
William Nicholson (alternate to Sigvard Oscar von Reis)
Nisha Raghavan (alternate to Sally Margaret Doyle-Linden)

Resigned

15 June 2016

Directors' Responsibilities Statement

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'). 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 and profit or loss of the company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- 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.

CPB Residential Finance Limited

Director's Report (continued)

Disclosure of information to the auditor

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the company's Auditor is unaware; and
- the Directors 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 Auditors are aware of that information.

Financial risk management

Information regarding financial risk management has been included within the strategic report, and includes financial risk management objectives and policies including interest rate risk, foreign exchange risk, liquidity risk and credit risk.

Going concern

The Directors have reviewed and given consideration to the terms and recoverability of the loans receivable along with the terms of the loan notes payable. The Directors have reviewed cash flow forecasts and the annual business plan and taken into consideration the current underlying and forecast market conditions in the UK property market.

The company has made a profit in the current year of £ 206,205 (2015: £80,000 loss) and is currently in a net asset position. After making enquiries, the Directors have a reasonable expectation that the company has adequate resources, by way of support from its parent companies, to continue in operational existence for at least twelve months from the approval of the financial statements. Accordingly, they have adopted the going concern basis in preparing the financial statements.

Share Capital

The Company was incorporated with £1 ordinary share capital on 3 May 2013. The Company's sole shareholder is CPBM Finance Limited.

Auditors

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the Board



Iorweth Antcliff
Director

Date: 20 DECEMBER 2016

CPB Residential Finance Limited

Independent auditor's report to the members of CPB Residential Finance Limited

We have audited the financial statements of CPB Residential Finance Limited for the year ended ended 30 September 2016 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of changes in Equity 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 FRS 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 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 pages 3 and 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). 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.

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 30 September 2016 and of the company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

CPB Residential Finance Limited

Independent auditor's report to the members of CPB Residential Finance 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 by the parent company, 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.



Philip Westerman
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
London
Date: 2012/12

CPB Residential Finance Limited

Statement of Comprehensive Income for the year ended 30 September 2016

	Note	2016 £'000	2015 £'000
Turnover	1(b)	29,952	19,253
Administrative expenses		(674)	(605)
Operating profit		29,278	18,648
Interest receivable		-	65
Loan note interest payable	1(e)	(27,136)	(18,438)
Loan note arrangement fees		(1,931)	(355)
Profit / (loss) on ordinary activities before taxation	2	211	(80)
Tax on Profit / (loss) on ordinary activities	3	(5)	-
Profit / (loss) for the financial year		206	(80)
Other comprehensive income		-	-
Total comprehensive income		206	(80)
Profit/ (loss) for the financial year attributable to:			
Owners of the Company		206	(80)
		206	(80)
Total comprehensive income for the financial year attributable to:			
Owners of the Company		206	(80)
		206	(80)

All of the company's operations are classified as continuing.

There were no gains and losses for the year other than that disclosed in the above Statement of Comprehensive Income.

The accompanying notes are an integral part of these financial statements.

CPB Residential Finance Limited

Statement of Financial Position as at 30 September 2016

	Note	2016 £'000	2015 £'000
Current assets			
Debtors	5	176,419	213,604
Cash at bank and in hand		11,942	9,182
Total assets		<u>188,361</u>	<u>222,786</u>
Creditors: amounts falling due within one year	6	(14,310)	(10,858)
Net current assets		<u>174,051</u>	<u>211,928</u>
Total assets less current liabilities		<u>174,051</u>	<u>211,928</u>
Creditors: amounts falling due after more than one year	7	(174,031)	(212,114)
Net assets / (liabilities)		<u>20</u>	<u>(186)</u>
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account	9	20	(186)
Shareholders' surplus / (deficit)		<u>20</u>	<u>(186)</u>

The financial statements were approved by the Board of Directors on 20 December 2016.

Signed on behalf of the Board of Directors.



Iorweth Antcliff
Director

Date: 20 DECEMBER 2016

The accompanying notes are an integral part of these financial statements.

Company Number 08516609

CPB Residential Finance Limited

Statement of Change in Equity for the year ended 30 September 2016

	Called-Up Share Capital £'000	Profit and loss account £'000	Total £'000
At 3 May 2013 (date of incorporation)	-	-	-
Loss for the financial period	-	(106)	(106)
At 30 September 2014	-	(106)	(106)
At 1 October 2014	-	(106)	(106)
Loss for the financial year	-	(80)	(80)
At 30 September 2015	-	(186)	(186)
At 1 October 2015	-	(186)	(186)
Profit for the financial year	-	206	206
At 30 September 2016	-	20	20

CPB Residential Finance Limited

Notes to the financial statements Year Ended 30 September 2016

1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the current year is set out below.

(a) Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

No cashflow statement has been included as the company has taken advantage of the exemption under FRS 102.1.12.

The financial statements are presented in Sterling (£).

The financial statements have been prepared on the going concern basis as set out in the going concern section in the Directors' Report.

(b) Turnover

Interest income from residential loans is recognised within comprehensive income on an accruals basis using the effective interest rate until the loans are repaid. Forecast interest payments over the life of the loan are used in calculating the effective interest rate and typically the total forecast interest payments exceed the minimum interest payable under the terms of the loan. Where a loan is repaid earlier than forecast and the minimum interest payable exceeds that recognised at the point of repayment, the additional gain is recognised at the point of repayment.

Interest income from residential loans is calculated daily on the outstanding amount of the loans and compounded monthly.

(c) Expenses

All expenses are recognised on an accruals basis and recognised within comprehensive income.

(d) Residential loans

Residential development loans are classified as due in less than one year in debtors as the loans are repayable on demand. Loans are stated at cost less provision for any impairment in value. Impairment reviews are carried out on a quarterly basis taking into consideration security value, level and timing of future development costs, financial position of borrower and any other information considered relevant to the carrying value of the loans. Impairments are recognised within comprehensive income.

CPB Residential Finance Limited

Notes to the financial statements Year Ended 30 September 2016 (continued)

1 Accounting policies (continued)

(e) Interest payable on loan notes

Interest payable on loan notes is calculated on the principal amount of the notes (and on compounded accrued and unpaid interest). Interest expense is recognised within comprehensive income on an accruals basis until the notes are repaid.

(f) Debtors

Short term debtors are measured at transaction price, less any impairment.

(g) Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including parent company loans, are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

2 Profit/ (loss) on ordinary activities before taxation

Profit/ (loss) on ordinary activities before taxation is stated after charging:

	2016	2015
	£'000	£'000
Services provided by the company's auditor:		
- fees payable for the audit	20	15
- fees payable for other services	5	3
	<u>25</u>	<u>18</u>

No Director received remuneration in the year. The company has no employees.

3 Taxation

a) Tax on profit/ (loss) on ordinary activities

	2016	2015
	£'000	£'000
Income tax charge:		
- current taxation	5	-
	<u>5</u>	<u>-</u>

CPB Residential Finance Limited

Notes to the financial statements Year Ended 30 September 2016 (continued)

3 Taxation (continued)

(b) Factors affecting the tax for the year

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the Profit / (loss) before tax is as follows:

	2016 £'000	2015 £'000
Profit / (loss) on ordinary activities before tax	206	(80)
Losses brought forward	(186)	(106)
	<u>20</u>	<u>(186)</u>
Tax charge at UK corporate tax rate of 20% (2015: 20.5%)	5	-
Current tax charge for year	<u>5</u>	<u>-</u>

4 Debtors

	2016 £'000	2015 £'000
Residential loans	164,846	200,039
Residential loan interest receivable	10,166	12,731
Prepayments	7	-
Amounts due from Group undertakings	1,400	834
	<u>176,419</u>	<u>213,604</u>

Included within amounts due from Group undertakings are loan arrangement fees totaling £1,009,000 (2015: £781,000) and £319,000 (2015: £53,000) interest rate spread on repaid residential loans receivable from CPBM Midco 2 (Jersey) Limited.

CPB Residential Finance Limited

Notes to the financial statements Year Ended 30 September 2016 (continued)

5 Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	176	308
Accruals and deferred income	1,034	795
Tax Provision	5	-
Interest free loan from CPBM Finance limited	1,025	525
Loan note interest repayments payable to CPBM Midco 2 (Jersey) Limited	11,934	9,230
Short term loan payable to CPBM Midco 2 (Jersey) Limited	136	-
	<u>14,310</u>	<u>10,858</u>

The interest free loan received from CPBM Finance Limited is intended to be short term and repayable on demand.

6 Creditors: amounts falling due after more than one year

	2016 £'000	2015 £'000
Loan notes payable to CPBM Midco 2 (Jersey) Limited	163,495	198,660
Interest payable on loan notes – to CPBM Midco 2 (Jersey) Limited	10,536	13,454
	<u>174,031</u>	<u>212,114</u>

At 30 September 2016 the company had £163m (2015: £198m) unsecured fixed rate limited recourse loan notes due in May 2020 in issue, listed on the Channel Island Securities Exchange.

7 Called-up share capital

	2016 £	2015 £
Issued		
1 ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>

The company was incorporated with issued share capital of 1 ordinary share of £1.

CPB Residential Finance Limited

Notes to the financial statements Year Ended 30 September 2016 (continued)

8 Reserves

Called-up share capital – represents the nominal value of shares that have been issued.

Profit and loss account – includes all current and prior period retained profits and losses.

9 Parent company

The sole shareholder of CPB Residential Finance Limited is CPBM Midco 2 (Jersey) Limited which is wholly owned by CPBM Midco 1 (Jersey) Limited. The immediate parent company of CPBM Midco 1 (Jersey) Limited is CPBM Finance Limited.

10 Ultimate controlling party

The undertaking that is considered to be the controlling party of the company is Blackstone Tactical Opportunities Management Associates (Cayman) LP.

11 Related Party Transactions

The Company has availed itself of the exemption under section 333.1A of Financial Reporting Standard 102 to remove the need to disclose transactions between group members.

12 Post balance sheet events

There were no material post balance sheet events.

13 Contingent liabilities

There were no contingent liabilities at 30 September 2016 or at 30 September 2015.

14 Comparatives

The comparative figures are for the period from 1 October 2014 to 30 September 2015.