

Resolution Capital Limited

Report and Financial Statements

31 March 2017

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COMPANIES HOUSE

Company information

Registered No: 6726654

Director

C A Cowdery

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Bankers

HSBC
Regional Service Centre Europe
P O Box 125
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London
SE1 9WP

Registered Office

2 Queen Anne's Gate
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Directors' Report

The director presents his report and the audited financial statements of Resolution Capital Limited ("the Company") for the year ended 31 March 2017.

Principal activity

The principal activity of the Company is that of an investment holding company and provider of management and investment services to its subsidiaries. This will be the principal activity for the foreseeable future.

Dividends

A dividend of £2,000,000 was paid during the year as declared in the prior year's Director's Report. No dividend has been approved for payment post year end.

Directors

The sole director during the year and at the date of this report was C A Cowdery.

Review of the business

The Company continues to service its US investment via Resolution Life GP Limited and explore other potential investment opportunities, in three key jurisdictions the US, UK and Europe. The key financial and other performance indicators during the year were as follows:

	Year ended 31 March 2017	Year ended 31 March 2016
	£	£
Turnover	4,793,125	8,905,711
Operating profit/(loss) before interest	3,500,598	6,187,493
Loss after interest	(5,507,076)	(2,986,034)
Current assets as % of current liabilities ('quick ratio')	8,222%	24,344%
Average number of employees	5	9

Review of Company financial performance

The Company made a loss as a result of the interest on a substantial loan required to provide sufficient capital resources both for readiness for project investments and to demonstrate to prospective investment boards that we have sufficient resources to advance in negotiations. The current investments under negotiation are capable of returning sufficient income to more than cover the cost of servicing the debt. The loan will be repaid or part repaid as soon as it may be considered unlikely that these investments will be made.

Auditors

During the year Ernst & Young LLP resigned and BDO LLP were appointed as auditor of the Company.

A resolution to reappoint BDO LLP as auditor will be put to the shareholder within the statutory period.

Directors' Report

Going Concern

The director has undertaken a going concern assessment. The Company has a cash balance of £62.0m at the year end. The director is satisfied that the Company has adequate resources to operate as a going concern for the foreseeable future, and has prepared the financial statements on that basis.

Provision of information to auditor

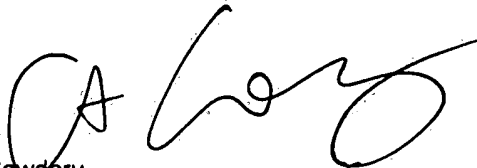
The director of the Company at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Small companies regime

This confirmation is given and should be interpreted in accordance with the provisions applicable to companies subject to the small companies regime.

On behalf of the Board



C A Cowdery

Director

Date: 18/09/2017

Registered No: 6726654

Statement of Director's Responsibilities

The director is responsible for preparing the director's report and the financial statements in accordance with applicable law and regulations. Company law requires the director to prepare financial statements for each financial year. Under that law, the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including FRS 102 – Section 1A – Small entities and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards and applicable law) 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 Company will continue in business.

The director is 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. He is 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.

Independent Auditor's Report to the member of Resolution Capital Limited

For the year ended 31 March 2017

We have audited the financial statements of Resolution Capital Limited for the year ended 31 March 2017 which comprise 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).

This report is made solely to the company's member, 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 member 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 member, 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 director is 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 2017 and of the company's 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Independent Auditor's Report to the member of Resolution Capital Limited

For the year ended 31 March 2017

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 company 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 director was not entitled to prepare the financial statements and the director's report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report

BDO LLP

*John Perry (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
W1U 7EU*

Date: **19 September 2017**

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

Statement of Comprehensive Income

As at 31 March 2017

	Notes	2017 £	2016 £
Turnover	3	4,793,125	8,905,711
Administrative expenses		(4,366,554)	(4,500,253)
Operating profit	4	426,571	4,405,458
Other income	5	3,074,027	1,883,275
Interest payable and similar charges	6	(9,007,674)	(9,274,767)
(Loss)/profit on ordinary activities before taxation		(5,507,076)	(2,986,034)
Tax charge on the (loss)/profit on ordinary activities	7	(319,786)	(454,993)
(Loss)/profit for the year after taxation		(5,826,862)	(3,441,027)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There was no other profit or loss for the year.

The notes on pages 8 to 16 are an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2017

	Notes	2017 £	2016 £
Fixed assets			
Investments in subsidiary undertakings and other investments	8	110,448	110,448
Current assets			
Debtors	9	12,156,811	11,604,867
Cash at bank		62,023,401	102,608,580
		<u>74,180,212</u>	<u>114,213,447</u>
Creditors: amounts falling due within one year	10	(902,184)	(469,354)
Net current assets		<u>73,278,028</u>	<u>113,744,093</u>
Total assets less current liabilities		<u>73,388,476</u>	<u>113,854,541</u>
Creditors: amounts falling due after one year	10	(78,594,739)	(111,233,466)
Net (liabilities) / assets		<u>(5,206,263)</u>	<u>2,621,075</u>
Capital and reserves			
Called up share capital	12	10,000	10,000
Profit and loss account	13	(5,216,263)	2,611,075
Shareholder's funds	13	<u>(5,206,263)</u>	<u>2,621,075</u>

These financial statements have been prepared in accordance with the provisions of the Companies Act 2006 and in accordance with the provisions of FRS 102 – Section 1A – Small entities.

The financial statements on pages 6 to 16 were approved by the Board on 14 September 2017.
For and on behalf of the board



C A Cowdery
Director

The notes on pages 8 to 16 are an integral part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2017

1. General information

Resolution Capital Limited is a limited liability Company incorporated in England. The Registered Office is 2 Queen Anne's Gate, London SW1H 9AA and the principal activity of the Company is that of an investment holding company and provider of management and investment services to its subsidiaries.

2. Accounting policies

The Company's financial statements have been prepared on a going concern basis and under the historical cost convention in accordance with FRS 102 – Small entities as it applies to these financial statements for the period ending 31 March 2017 and in accordance with the requirements of the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 – Small entities requires management to exercise judgement in applying the Company's accounting policies although management have not had to exercise a significant degree of judgement over estimating uncertainty in applying the accounting policies.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and the preceding year.

a) Cash flow statement

The Company as a small entity has taken advantage of the exemption in section 7 of FRS 102 from the requirement to prepare a statement of cash flows.

b) Consolidation

Consolidated accounts for Resolution Capital Limited have not been prepared as the group qualifies as small under Section 383 of the Companies Act 2006.

c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the financial reporting date and the amounts reported for revenues and expenses during the year. These include the valuation of accrued expenditure and income and the recoverability of debtors. However, the nature of estimation means that actual outcomes could differ from those estimates.

d) Going Concern

The director has undertaken a going concern assessment. The Company has made a loss in the current year but has sufficient cash resources for the foreseeable future. Therefore, the director is satisfied that the Company has adequate resources to operate as a going concern for the foreseeable future, and has prepared the financial statements on that basis.

Notes to the financial statements

For the year ended 31 March 2017

2 Accounting policies (Continued)

e) Revenue Recognition

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Turnover represents investment income received from related undertakings during the period, and arises from continuing activities in the UK.

Other income includes the recovery of costs incurred on behalf of related entities. This income is recognised when the costs are recharged.

f) Leases

The Company has entered into a commercial property lease. The classification of the lease as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position. The five year property lease is considered an operating lease at market rate rental and reverting back to the lessor on termination.

g) Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling, which is the Company's functional and presentational currency, at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction.

Exchange gains and losses are taken to the profit and loss account.

h) Taxation and deferred tax

The tax charges for the current and previous years arose from a deferred tax adjustment, there was no current or prior year tax charge.

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Deferred tax assets are recognised only when, on the basis of available evidence, it is more likely than not that there will be taxable profits in the future against which the deferred tax asset can be offset.

Notes to the financial statements

For the year ended 31 March 2017

2 Accounting policies (Continued)

i) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at fair value on initial recognition. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less or deposits which can be cancelled without notice.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

j) Fixed assets – investments in subsidiary undertakings and other investments

Investments in subsidiaries are stated at cost less any provision for impairment in the value of the investments.

k) Provisions for liabilities

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The effect of the time value of money is not material and therefore the provisions are not discounted.

l) Interest Payable

Interest payable is recognised on an accruals basis.

m) Pension contributions

Pension contributions for staff have been made into the defined contribution pension scheme operated by Royal London.

Notes to the financial statements

For the year ended 31 March 2017

2 Accounting policies (Continued)

n) Dividends

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

3. Turnover

An analysis of turnover by geographical market is as follows:

	2017	2016
	£	£
United States of America		
- Distributions from related undertakings	-	5,067,071
- Fee income from related undertakings	4,793,125	3,838,640
	<u>4,793,125</u>	<u>8,905,711</u>

4. Operating profit

The operating loss is stated after charging:

	2017	2016
	£	£
Statutory audit services	15,500	20,625
Additional audit services	-	3,236
Salaries and bonuses	717,599	1,083,961
Social security costs	84,787	132,548
Pension contributions to defined contribution scheme	20,517	26,557
	<u>838,403</u>	<u>1,266,927</u>

There were an average of 5 employees during the year (2016: 9).

5. Other income

	2017	2016
	£	£
Recovery of costs from foreign related entity	491,630	537,000
Foreign exchange gain	2,234,919	919,140
Other income	347,478	427,135
	<u>3,074,027</u>	<u>1,883,275</u>

Notes to the financial statements

For the year ended 31 March 2017

6. Interest payable and similar charges

	2017 £	2016 £
Interest on loan	9,007,674	9,274,767
	<u>9,007,674</u>	<u>9,274,767</u>

7. Taxation

Analysis of the tax charge

	2017 £	2016 £
Current tax		
UK corporation tax at 20.00%	-	-
Deferred tax		
Originating and reversal of timing differences	302,020	625,662
Adjustments in respect of previous periods	-	(187,500)
Effect of changes in tax rates	17,766	16,831
	<u>319,786</u>	<u>454,993</u>
Total tax per statement of comprehensive income	<u>319,786</u>	<u>454,993</u>

Reconciliation of tax charge

	2017 £	2016 £
(Loss)/profit for the period – continuing operations	(5,507,076)	(2,986,035)
Tax on (loss)/profit at standard UK rate of 20.00% (2015: 21.00%)	(1,101,415)	(597,207)
Expenses not deductible	399,346	15,018
Income not taxable	-	(1,013,414)
Adjust opening deferred tax to average rate of 20.00%	(255,774)	(187,500)
Deferred tax losses not recognised	1,277,629	2,221,266
Tax rate changes	-	16,832
Tax charge for the period	<u>319,786</u>	<u>454,993</u>

The UK Government announced as part of the Finance (No 2) Act 2015, which received Royal Assent on 18 November 2015, that the main rate of corporation tax rate would be reduced from 20% to 19% from 1 April 2017 and further to 18% from 1 April 2020. This will affect the rate at which future UK cash tax will be payable.

Notes to the financial statements

For the year ended 31 March 2017

8. Investments

All investments are stated at cost:

	<i>Subsidiary Undertakings</i>	<i>Other Investments</i>	<i>Total</i>
	£	£	£
Cost:			
At 1 April 2016	110,348	100	110,448
Additions	-	-	-
At 31 March 2016	110,348	100	110,448

Details of the investments in which the Company holds share capital and other interests are as follows:

Company	Country of Incorporation	Holding	Proportion of voting rights & shares held	Nature of Business
Subsidiary undertakings:				
Resolution Financial Group Limited	United Kingdom	Ordinary shares	100%	Holding Company
Resolution Life US Limited	United Kingdom	Ordinary shares	100%	Holding Company
Resolution (Brands) Limited	United Kingdom	Ordinary share	100%	Licensing services
RCAP (TRG) GP Limited	United Kingdom	Ordinary shares	100%	Holding Company
RCAP (US) GP Limited	United Kingdom	Ordinary shares	100%	Holding Company
RCAP Feeder LP	United Kingdom	Members Capital	100%	Holding Company
Resolution Life GP Limited	Bermuda	Ordinary shares	100%	Holding Company
Resolution Service Management Limited	United Kingdom	Ordinary shares	100%	Shared Services and Property Management
Other investments:				
Resolution Operations LLP	United Kingdom	Members Capital	Nil	Investment Management Services

Notes to the financial statements

For the year ended 31 March 2017

9. Debtors

	2017 £	2016 £
Deferred tax (note 11)	-	319,786
VAT asset	125,284	114,525
Due from Resolution Operations LLP	-	15,600
Due from Resolution Life Inc.	-	1,129,314
Due from Resolution Life GP Limited	3,842,184	2,907,687
Due from RCAP Feeder LP	6,116,010	5,300,655
Due from Resolution Life L.P.	147,218	88,616
Due from Resolution Service Management Limited	9,915	-
Due from Resolution Capital Partners LLP	37,500	-
Due from RCAP Feeder LP	60,000	-
Other debtors	510,997	394,167
Prepayments and accrued income	1,307,703	1,334,517
	<u>12,156,811</u>	<u>11,604,867</u>

10. Creditors

Amounts falling due within one year

	2017 £	2016 £
Trade creditors	122,437	190,365
Accruals and other creditors	100,869	94,810
Other taxes and social security costs	15,974	39,779
Amounts due to Resolution Life Inc.	290,389	-
Amounts due to Resolution Operations LLP	9,934	-
Amounts due to Resolution Capital Partners LLP	225,000	-
Amounts due to Resolution Service Management Limited	137,581	132,920
Amounts due to Resolution Life Management LP	-	3,739
Sundry creditors	-	7,741
	<u>902,184</u>	<u>469,354</u>

Amounts falling due after one year

	2017 £	2016 £
Loan from Clive Cowdery, loan principal	69,700,000	99,700,000
Accrued interest	8,894,739	11,533,466
At 31 March	<u>78,594,739</u>	<u>111,233,466</u>

The loan facility has been made available to the Company by Clive Cowdery, the sole shareholder and director of the Company. The interest rate charged on the loan is 10% (2016: 10%). The loan is repayable on 31 December 2021.

Notes to the financial statements

For the year ended 31 March 2017

11. Deferred tax asset

The deferred tax included in the statement of financial position is as follows:

	2017	2016
	£	£
Provision at start of year	(319,786)	(774,779)
Deferred tax charge to income statement for the year	319,786	642,493
Adjustment in respect of prior years	-	(187,500)
	<u>-</u>	<u>(319,786)</u>

In the prior year the deferred tax asset related to non-capital and capital losses.

12. Share capital

	Number of shares	2016 £	2015 £
Allotted, issued and fully paid Ordinary shares of £1 each	10,000	10,000	10,000
	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

13. Statement of movement on reserves

	Issued Share Capital £	Accumulated Profit £	Total £
At 1 April 2016	10,000	2,611,075	2,621,075
Dividends Paid	-	(2,000,000)	(2,000,000)
Loss for the year	-	(5,827,338)	(5,827,338)
At 31 March 2017	<u>10,000</u>	<u>(5,216,263)</u>	<u>(5,206,263)</u>

14. Director's emoluments

No Director's emoluments were paid in the period.