

Resolution Capital Limited

Unaudited Financial Statements

Year Ended

31 March 2020

Company Number 06726654



Resolution Capital Limited
Registered number:06726654

Statement of Financial Position
As at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	5	1,229,866	-
Investments	6	43,530,756	35,485,807
		<u>44,760,622</u>	<u>35,485,807</u>
Current assets			
Debtors	7	8,100,465	12,415,539
Cash and cash equivalents		38,195,441	5,918,927
		<u>46,295,906</u>	<u>18,334,466</u>
Creditors: amounts falling due within one year	8	(256,965)	(391,996)
Net current assets		<u>46,038,941</u>	<u>17,942,470</u>
Total assets less current liabilities		<u>90,799,563</u>	<u>53,428,277</u>
Creditors: amounts falling due after more than one year	9	(89,446,348)	(81,487,477)
Net assets/(liabilities)		<u><u>1,353,215</u></u>	<u><u>(28,059,200)</u></u>
Capital and reserves			
Share capital	10	10,000	10,000
Profit and loss account		1,343,215	(28,069,200)
		<u><u>1,353,215</u></u>	<u><u>(28,059,200)</u></u>

Resolution Capital Limited
Registered number:06726654

Statement of Financial Position (continued)
As at 31 March 2020

The director considers that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The director acknowledges his responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



.....
C A Cowdery
Director

Date: 26.03.2021

The notes on pages 4 to 14 form part of these financial statements.

Resolution Capital Limited

Statement of Changes in Equity For the Year Ended 31 March 2020

	Share capital £	Profit and loss account £	Total equity £
At 1 April 2019	10,000	(28,069,200)	(28,059,200)
Comprehensive income for the year			
Profit for the year	-	29,412,415	29,412,415
At 31 March 2020	10,000	1,343,215	1,353,215

Statement of Changes in Equity For the Year Ended 31 March 2019

	Share capital £	Profit and loss account £	Total equity £
At 1 April 2018	10,000	(15,764,444)	(15,754,444)
Comprehensive loss for the year			
Loss for the year	-	(12,304,756)	(12,304,756)
At 31 March 2019	10,000	(28,069,200)	(28,059,200)

The notes on pages 4 to 14 form part of these financial statements.

Resolution Capital Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

1. General information

Resolution Capital Limited is a private Company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on the Company information page and its principal activities are set out in the directors report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

2.3 Going concern

The director of the company has undertaken a going concern assessment. The company has achieved a profit in the current period as a result of an uplift in the value of its investments, and has sufficient cash resources for the foreseeable future. He is further continually assessing the impact of COVID-19. The situation is evolving rapidly and it is not possible at this stage to determine with any certainty the impact on the company, its investments, employees and suppliers. The director is continually reviewing his plans and forecasts and believes that the going concern basis is appropriate in the short term, however depending on the severity and length of the crisis there is a risk that the company could require further funding or support.

The director has provided a letter of support confirming that he has no intention of demanding repayment of the loan issued to the company in the foreseeable future. Therefore, the director is satisfied that the company has adequate resources to operate as a going concern for at least 12 months from the date of approval of these financial statements, and has prepared the financial statements on that basis.

Resolution Capital Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income within other income.

2.5 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

Resolution Capital Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Other fixed assets	-	8%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less any provision for impairment. Other investments are measured at fair value.

2.9 Debtors

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

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.11 Creditors

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

Resolution Capital Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

2. Accounting policies (continued)

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans to and from group and other related undertakings and accrued income and expenditure.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Resolution Capital Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

3. Judgements in applying accounting policies 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.

The following judgements (including the key areas of estimation uncertainty) have had the most significant effect on amounts recognised in the financial statements:

Tangible fixed assets (note 5)

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Other investments (note 6)

Other investments are recognised at fair value through profit and loss. In determining this valuation, the group applies the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable, willing parties in an arm's length transaction. The nature, facts and circumstances of the investment drives the investment methodology.

In arriving at the fair value of other investments reported in the financial statements for the year ended 31 March 2020, the directors have taken into account the risk of continuing to hold the investment, and expectations of future performance of the portfolio at 31 March 2020.

Recoverability of receivables

The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the director considers factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or group customers.

4. Employees

The average monthly number of employees, including directors, during the year was 1 (2019 - 1).

No director's emoluments were paid in the year (2019 - £Nil).

Resolution Capital Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

5. Tangible fixed assets

	Other fixed assets £
Cost	
At 1 April 2019	-
Additions	1,285,574
At 31 March 2020	<u>1,285,574</u>
Depreciation	
At 1 April 2019	-
Charge for the year	55,708
At 31 March 2020	<u>55,708</u>
Net book value	
At 31 March 2020	<u><u>1,229,866</u></u>
At 31 March 2019	<u><u>-</u></u>

Resolution Capital Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

6. Fixed asset investments

	Subsidiary undertakings £	Other investments £	Total £
Cost or valuation			
At 1 April 2019	110,350	35,375,457	35,485,807
Capital repayments	-	(28,316,861)	(28,316,861)
Foreign exchange movement	-	2,377,303	2,377,303
Fair value adjustment	-	33,984,507	33,984,507
At 31 March 2020	110,350	43,420,406	43,530,756

Subsidiary undertakings

The following were subsidiary undertakings of the Company at 31 March 2020:

Name	Principal activity	Class of shares	Holding
Resolution Financial Group Limited*	Dormant Company	Ordinary	100%
Resolution Life US Limited*	Dormant Company	Ordinary	100%
RCAP (US) GP Limited*	Holding Company	Ordinary	100%
RCAP Feeder LP*	Holding Company	Ordinary	100%
Resolution Life GP Limited*	Holding Company	Ordinary	100%
RLGH GP Ltd**	General Partner	Ordinary	100%
RLGH Management GP Ltd**	General Partner	Ordinary	100%
Resolution Service Management Limited*	Shared Services and Property Management	Ordinary	100%
Other investments:			
Resolution Operations LLP*	Investment Management Services	Members Capital	0%
Resolution Life Group Holdings LP**	Holding Company	Members Capital	7.34%

*Company incorporated in England and Wales.

**Company incorporated in Bermuda.

Resolution Capital Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

7. Debtors

	2020 £	2019 £
Amounts owed by group undertakings and other related parties	6,637,084	11,187,501
Other debtors	1,413,544	1,207,573
Prepayments and accrued income	10,000	-
VAT recoverable	39,837	20,465
	8,100,465	12,415,539

Amounts owed by group undertakings are interest free and repayable on demand.

Other debtors includes an overdue loan to an unrelated third party for a total value of £1,208,508 (2019 - £1,150,050). Subsequent to the year end, the company agreed to re-structure the terms of the loan agreement, and repayment was subsequently extended informally again following the onset of COVID-19. The debtor remains unrecovered. At 31 March 2020 the director considered the carrying value of the asset to be recoverable in full based on the available information.

8. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	26,034	6,500
Amounts owed to group undertakings and related parties	208,781	277,060
Accruals and deferred income	22,150	108,436
	256,965	391,996

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

Resolution Capital Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

9. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
C A Cowdery, loan principal	56,836,550	57,215,269
Accrued interest	32,609,798	24,272,208
	<u>89,446,348</u>	<u>81,487,477</u>

The loan facility has been made available to the Company by C A Cowdery, the sole shareholder and director of the Company. The interest rate charged on the loan is 10% (2019 - 10%). The loan is repayable on 31 December 2021.

During the year there was a further advance to the loan of £Nil (2019 - £7,615,791) by C A Cowdery.

During the year the company repaid £378,719 (2019 - £10,100,522) to the director. Interest of £8,337,590 (2019 - £7,754,304) was charged during the year. At the year end, £89,446,348 (2019 - £81,487,477) was due to the director.

Resolution Capital Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

10. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
10,000 Ordinary shares of £1.00 each	<u>10,000</u>	<u>10,000</u>

11. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £6,030 (2019 - £Nil). £1,350 was outstanding at the end of the period (2019 - £Nil) and is included within creditors.

12. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	106,992	-
Later than 1 year and not later than 5 years	338,808	-
	<u>445,800</u>	<u>-</u>

Resolution Capital Limited

Notes to the Financial Statements For the Year Ended 31 March 2020

13. Related party transactions

During the year, the company repaid £378,719 (2019 - £10,100,522) of the director's loan. At the year end, the loan outstanding was in principal £56,836,550 (2019 - £57,215,269) and with interest £89,446,348 (2019 - £81,487,477).

During the year there was a further advance to the loan of £Nil (2019 - £7,615,791) by C A Cowdery, the sole shareholder and director of the Company.

The company has taken advantage of the exemption available in section 33.1A of the FRS 102 where it has not disclosed transactions with the ultimate parent company of any wholly owned subsidiary undertakings of the group.

During the year ended 31 March 2020, the company entered into transactions and had outstanding balances with the following companies which are related by common control:

Related party transactions and balances

	Sales to related parties £	Purchases from related parties £	Amounts owed by related parties £	Amounts owed to related parties £
2020				
Lincoln Benefit Life	-	-	-	190,638
	-	-	-	190,638
2019				
Resolution Life Inc	-	-	73,467	-
Resolution Brands Limited	-	-	375	-
Resolution Life Group Holdings Limited	616,744	-	-	86,424
Lincoln Benefit Life	-	-	-	190,638
	616,744	-	73,842	277,062

14. Controlling party

The ultimate controlling party is C A Cowdery as sole shareholder.