

Crown Court Property London Limited

Annual report and financial statements

For the year ended 31 December 2013

**Company registration number:
02924226**

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Crown Court Property London Limited

Annual report and financial statements

for the year ended 31 December 2013

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Crown Court Property London Limited

Directors' report for the year ended 31 December 2013

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Legal form and domicile

The Company is a private limited company registered and incorporated in England & Wales with the registered number 02924226. Its domicile is England.

Principal activity

The principal activity of the Company is the purchase and holding of a commercial property at 1, Crown Court, Cheapside, London EC2V 6JP, the majority of which is let to a group undertaking. No change in this activity is foreseen.

Results, key performance indicators and dividend

The results and transfer to reserves for the year ended 31 December 2013 are set out in the Income Statement on page 4. The directors consider that the nature of business is straightforward and that no analysis of key performance indicators is necessary for an understanding of the development, performance or position of the business. During the year the Company paid an interim dividend for 2013 of £160,000 (2012: £370,000), equivalent to 51.81364 pence per share (2012: 119.81904 pence per share). The directors recommend the payment of no final dividend for 2013 (2012: No dividend).

Directors

The directors who were in office during the year and up to the date of signing the financial statements were as follows:

A. Mühle
J.M. Whing

Financial risk management

Information on the management of financial risk is given in note 12 to the financial statements on pages 12 and 13.

Independent auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

Disclosure of information to auditors

Each of the directors in office at the date that the Directors' report is approved confirms that in accordance with the provisions of Section 418 of the Companies Act 2006:

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

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

(continued)

Crown Court Property London Limited

Directors' report for the year ended 31 December 2013 (continued)

Statement of directors' responsibilities (continued)

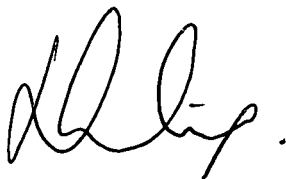
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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 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

J.M. Whing
Director



1 Crown Court
Cheapside
London EC2V 6JP
31 January 2014

Crown Court Property London Limited

Independent auditors' report to the members of Crown Court Property London Limited

We have audited the financial statements of Crown Court Property London Limited for the year ended 31 December 2013 which comprise the Statement of Financial Position, the Income Statement, the Statement of Cash Flow, the Statement of Changes in Equity, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 and 2, 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.

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.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information 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.

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 2013 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 year for which the financial statements are prepared is consistent with the financial statements.

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.


Michael Newman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors, London

18 February 2014

Crown Court Property London Limited

Income statement

for the year ended 31 December 2013

		Year ended 31 December 2013	Year ended 31 December 2012
	Notes	£	£
Revenue	2	1,663,216	1,488,524
Depreciation	7	(415,538)	(415,537)
Other expenses	3	(134,502)	(14,914)
Operating profit		1,113,176	1,058,073
Finance income	4	606	616
Finance costs	5	(77,735)	(109,771)
Profit before income tax		1,036,047	948,918
Income tax expense	6	(337,444)	(334,254)
Profit for the year attributable to Equity owners		698,603	614,664

Statement of Comprehensive Income

for the year ended 31 December 2013

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Profit for the year attributable to Equity owners	698,603	614,664
Other comprehensive income	-	-
Total comprehensive income for the year	698,603	614,664

In addition to the gains and losses reflected in the above statement, a revaluation reserve is maintained to reflect the difference arising on the translation of the Euro share capital at the date of issue and at the balance sheet date. The profit for the year in the above statements is from continuing activities.

The notes on pages 8 to 13 are an integral part of these financial statements.

Crown Court Property London Limited

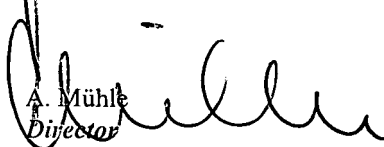
Balance sheet

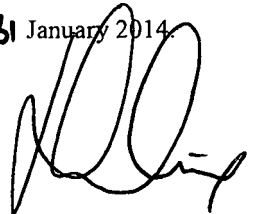
as at 31 December 2013

		2013	2012
	Notes	£	£
Non Current assets			
Investment property	7	16,176,933	16,592,471
		<u>16,176,933</u>	<u>16,592,471</u>
Current assets			
Trade receivables	8	13,511	7,607
Cash and cash equivalents		<u>373,557</u>	<u>60,886</u>
		<u>387,068</u>	<u>68,493</u>
Total assets		<u>16,564,001</u>	<u>16,660,964</u>
Equity			
Share capital	9	13,158,828	12,881,038
Revaluation reserve		129,508	407,298
Profit and loss account		<u>1,381,987</u>	<u>843,384</u>
Total equity		<u>14,670,323</u>	<u>14,131,720</u>
Liabilities			
Non-current liabilities			
Borrowings	10	700,000	1,400,000
Current liabilities			
Trade and other payables	11	257,922	263,003
Current income tax liabilities		235,756	166,241
Borrowings	10	<u>700,000</u>	<u>700,000</u>
		<u>1,193,678</u>	<u>1,129,244</u>
Total liabilities		<u>1,893,678</u>	<u>2,529,244</u>
Total equity and liabilities		<u>16,564,001</u>	<u>16,660,964</u>

The notes on pages 8 to 13 are an integral part of these financial statements.

The financial statements on pages 4 to 13 were approved by the board of directors on 31 January 2014.


A. Mühle
Director


J. M. Whing
Director

Crown Court Property London Limited

Statement of changes in equity for the year ended 31 December 2013

	Share capital (see note 9)	Revaluation reserve	Profit & loss account	Total
	£	£	£	£
Balance at 31 December 2011	13,187,239	101,097	598,720	13,887,056
Interim dividend paid for 2012	-	-	(370,000)	(370,000)
Currency translation difference	(306,201)	306,201	-	-
Profit for the year attributable to Equity owners	-	-	614,664	614,664
Balance at 31 December 2012	12,881,038	407,298	843,384	14,131,720
Interim dividend paid for 2013	-	-	(160,000)	(160,000)
Currency translation difference	277,790	(277,790)	-	-
Profit for the year attributable to Equity owners	-	-	698,603	698,603
Balance at 31 December 2013	13,158,828	129,508	1,381,987	14,670,323

The revaluation reserve reflects the difference arising on translation of the Euro share capital at the date of issue on 28 May 1996 at EUR 1.187782 : GBP 1 and at the rate prevailing on the balance sheet date.

The exchange rate used at 31 December 2013 was EUR 1 = GBP 0.8337 (2012: 0.8161).

The notes on pages 8 to 13 are an integral part of these financial statements.

Crown Court Property London Limited

Statement of cash flows

for the year ended 31 December 2013

	Notes	Year ended 31 December 2013 £	Year ended 31 December 2012 £
Cash flows from operating activities			
Profit before income tax		1,036,047	948,918
Add back: Depreciation		415,538	415,537
Less: Finance income		(606)	(616)
Add back: Finance costs		77,735	109,771
Operating profit before depreciation and interest		1,528,714	1,473,610
(Increase)/decrease in trade receivables		(5,904)	9,809
(Decrease)/increase in trade and other payables		(4,740)	43,147
Interest paid		(78,076)	(110,112)
Income tax paid		(267,929)	(346,482)
Net cash generated from operations		1,172,065	1,069,972
Cash flows from investing activities			
Dividends paid		(160,000)	(370,000)
Interest received		606	616
Net cash used in investing activities		(159,394)	(369,384)
Cash flows from financing activities			
Repayment of borrowings	10	(700,000)	(700,000)
Net cash used in financing activities		(700,000)	(700,000)
Net increase in cash		312,671	588
Cash and cash equivalents at beginning of year		60,886	60,298
Cash and cash equivalents at end of year		373,557	60,886

The notes on pages 8 to 13 are an integral part of these financial statements.

Crown Court Property London Limited

Notes to the financial statements for the year ended 31 December 2013

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The Company has adopted International Financial Reporting Standards ("IFRS") and IFRIC interpretations, as adopted by the EU, and the Companies Act 2006 for the preparation of the financial statements. These financial statements are prepared on the going concern basis, under the historical cost convention, and on the basis of the principal accounting policies set out below.

New and amended standards adopted by the Company

In preparing these financial statements, no new accounting standards or amendments to existing accounting standards were identified that are relevant to the Company.

Critical accounting estimates and judgements

The useful economic life of the investment property and the valuation of the investment property are the only critical accounting estimates and judgements in these financial statements.

Investment property

The investment property is stated at amortised cost, including transaction costs on initial measurement. Depreciation is provided to write off the cost over the estimated useful economic life from date of purchase, which is considered to be 50 years for the buildings element. No depreciation is provided on the cost of land. The fair value of the investment property is disclosed in note 7. The fair value is assessed using an internationally-accepted valuation method by applying a yield measure to the rental income, and is reassessed annually. The property is partly occupied by the parent company and partly sublet to third party tenants. There are no restrictions over the title and use of the property.

Net rental income

Net rental income derives from operating leases and is recognised in the income statement on a straight-line basis over the lease terms.

Foreign currencies

The presentational and functional currency of the Company is sterling. Transactions in foreign currencies are translated into sterling at exchange rates approximating to the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the exchange rate ruling at that date, and differences arising on translation are recognised in the income statement.

Taxation

Tax on the profit for the year comprises both current and deferred tax as well as adjustments in respect of prior periods. Tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the amounts charged or credited for tax purposes. Deferred tax is calculated at the rate of tax expected to apply when the liability is settled or the asset is realised. A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Crown Court Property London Limited

Notes to the financial statements for the year ended 31 December 2013

1 Accounting policies (continued)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Fair value is the amount at which an asset or liability could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidation sale. The fair value of all financial instruments held at 31 December 2013 approximates to the amounts at which these instruments are reflected in the balance sheet.

Cash and cash equivalents

Cash equivalents includes all investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, having a maturity of three months or less from the date of acquisition.

Share capital and dividends

Ordinary shares are classified as equity. Dividends are recognised as deductions from retained earnings in the period in which they are declared.

2 Revenue

	2013 £	2012 £
Rental income from tenants of property:		
Group undertaking	835,342	873,477
Third parties	702,874	615,047
"Right to light" compensation received	125,000	-
	1,663,216	1,488,524

All of the Company's revenue derives from one investment property located in England, so no segmental reporting is required. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2013 £	2012 £
Future minimum lease payments receivable:		
Up to one year	1,371,050	1,541,050
More than one year, up to five years	1,967,702	2,276,868
More than five years	391,167	-
	3,729,919	3,817,918

3 Other expenses

	2013 £	2012 £
Auditors' remuneration – audit fees	9,400	8,900
Auditors' remuneration – non-audit fees	-	6,000
Professional fees and other expenses	102	14
Refurbishment and maintenance expenditure	125,000	-
	134,502	14,914

No directors' emoluments were paid during the year (2012: nil) and there were no employees (2012: none).

Crown Court Property London Limited

Notes to the financial statements for the year ended 31 December 2013

4 Finance income

	2013 £	2012 £
Interest on short term deposits with group undertaking	444	573
Other interest receivable	162	43
	<u>606</u>	<u>616</u>

5 Finance costs

	2013 £	2012 £
Interest payable on loan from group undertaking	77,491	108,983
Other interest payable	244	788
	<u>77,735</u>	<u>109,771</u>

6 Income tax expense

	2013 £	2012 £
UK Corporation Tax on profits for the year	337,444	334,254

The effective tax rate for the year of 32.57% (2012: 35.22%) is higher (2012: higher) than the standard rate of Corporation Tax in the UK for the year ended 31 December 2013 of 23.25% (2012: 24.49%).

The tax on the company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

Profit before taxation	1,036,047	948,918
Corporation tax at the standard rate on the Profit before taxation	240,846	232,459
Add: Non-deductible depreciation	96,598	101,795
	<u>337,444</u>	<u>334,254</u>

The standard rate of Corporation Tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the Company's profits for this accounting year are taxed at an effective rate of 23.25% and will be taxed at 23% until future rate changes come into effect.

Crown Court Property London Limited

Notes to the financial statements for the year ended 31 December 2013

7 Investment property

	Land £	Buildings £	Total £
<i>Cost</i>			
At 1 January 2013	3,500,000	20,776,889	24,276,889
At 31 December 2013	3,500,000	20,776,889	24,276,889
<i>Accumulated depreciation</i>			
At 1 January 2013	-	7,684,418	7,684,418
Charge for the year	-	415,538	415,538
At 31 December 2013	-	8,099,956	8,099,956
<i>Net book value</i>			
At 31 December 2013	3,500,000	12,676,933	16,176,933
At 31 December 2012	3,500,000	13,092,471	16,592,471

The fair value of the investment property has been assessed, using the rental yield method, as GBP 20,500,000 (2012 – GBP 20,500,000).

8 Trade receivables

	2013 £	2012 £
Rent receivable	9,057	7,607
VAT recoverable	4,454	-
	13,511	7,607

All amounts are due within three months and are denominated in sterling. No amounts are past due or impaired.

9 Share capital

	2013 £	2012 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
350,000 ordinary shares of EUR 51.129188 each	14,919,241	14,604,286
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
308,699 ordinary shares of EUR 51.129188 each	13,158,728	12,880,938
	13,158,828	12,881,038

There are no restrictions on distributions of dividends and repayment of capital.

Crown Court Property London Limited

Notes to the financial statements

for the year ended 31 December 2013

10 Borrowings

	2013 £	2012 £
Loan from group undertaking:		
Falling due within one year	700,000	700,000
Falling due after more than one year	700,000	1,400,000
	<hr/>	<hr/>
	1,400,000	2,100,000
	<hr/>	<hr/>

The Company agreed a loan facility from Landesbank Berlin AG of £2,800,000 for a period of four years from 27 June 2011, maturing on 26 June 2015 and repaying £700,000 annually. The loan bears a fixed interest rate of 4.45% per annum.

11 Trade and other payables

	2013 £	2012 £
Accruals and deferred income	257,239	261,979
Amounts owed to group undertaking	683	1,024
	<hr/>	<hr/>
	257,922	263,003
	<hr/>	<hr/>

All amounts are due within three months and are denominated in sterling.

12 Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks, including funding risk, investment risk, credit risk and liquidity risk. The Company is not exposed to currency risk since all of its operating activities are denominated in sterling.

Capital management

The Company has been capitalised so as to finance a substantial proportion of the property investment from a permanent non-interest-bearing source. The directors do not foresee any need to change the Company's capital structure or gearing.

Funding risk

The Company's primary source of income is rental income from its investment property, the cost of which is partially funded by borrowings. This rental income is fixed except to the extent that the leases provide for periodic upward rent reviews. The Company could be exposed to the risk that the interest cost of its borrowings exceeded its rental income from the investment property. This risk is managed partly by funding the larger proportion of the cost of the property by non-interest-bearing equity, rather than by borrowings, and partly by arranging the borrowings for a fixed term at a fixed rate of interest. The Company uses its positive cash flow to reduce its borrowings annually.

Investment risk

The Company is exposed to the risk that the value of its investment property could fall, thereby possibly exposing it to the risk that it has insufficient assets to repay its borrowings. As noted above, this risk is mitigated by the larger proportion of the cost of the property funded by equity rather than borrowings.

Crown Court Property London Limited

Notes to the financial statements

for the year ended 31 December 2013

12 Financial risk management (continued)

Credit risk

The Company is exposed to the risk that rental income due from tenants could remain unpaid, resulting in a shortfall of cash flow and income. This risk is mitigated by careful assessment of the quality of the tenants (the largest tenant being a group undertaking), supported by rental deposits held by the Company's property management agents, and by other forms of rental guarantee. These factors provide for rental payments to be maintained while appropriate action is taken to resolve any potential interruption to the future flow of rental income.

Liquidity risk

The Company is exposed to the risk of cash flow difficulties arising from any adverse mismatch between the timing of the payment of outgoings (primarily interest expense) and the receipt of income (primarily rents). This risk is mitigated by arranging the due dates of interest payments (in arrears) to fall when rental receipts are due (in advance), and by maintaining an adequate cash balance on deposit with a group undertaking. The risk that the Company will have insufficient funds to repay the borrowings on their maturity date without having to sell the investment property is mitigated by the borrowings being from a fellow group undertaking, the repayment of which is arranged to be made from the free cash flows of the Company.

13 Related party transactions

The Company has undertaken the following transactions with related parties:

- Rental income paid by a group undertaking from a lease on part of the investment property (see note 2)
- Borrowings from and interest paid to a group undertaking (see notes 10 and 11)
- Cash placed with and interest received from a group undertaking (see note 4).

14 Ultimate parent undertaking

The directors regard Regionalverbandsgesellschaft der S-Finanzgruppe mbH, a company incorporated in Germany, as the ultimate parent company and Grundstücksgesellschaft mbH, also incorporated in Germany, as the immediate holding company. The largest and smallest groups to consolidate the Company's financial statements are Regionalverbandsgesellschaft der S-Finanzgruppe mbH and Landesbank Berlin AG, which is considered to be the controlling party. Copies of the parents' consolidated financial statements may be obtained from Landesbank Berlin Holding AG, Alexanderplatz 2, 10838 Berlin, Germany.