

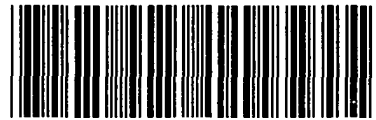
Charmglade Limited

FINANCIAL STATEMENTS

for the year ended

31 May 2014

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COMPANIES HOUSE

Company Registration No. 04097912

Charmglade Limited

COMPANY INFORMATION

DIRECTORS	R Tchenguiz V A Tchenguiz
COMPANY NUMBER	04097912 (England & Wales)
REGISTERED OFFICE	5th Floor Leconfield House Curzon Street London W1J 5JA
AUDITOR	Baker Tilly UK Audit LLP 3rd Floor One London Square Cross Lanes Guildford Surrey GU1 1UN
SOLICITORS	Osborne Clarke One London Wall London EC2Y 5EB

Charmglade Limited

DIRECTORS' REPORT

The directors present their report and the financial statements of Charmglade Limited for the year ended 31 May 2014.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity is the letting of investment property.

The investment property held at 31 May 2014 was valued as at that date at its realisable amount of £23,740,255 by the directors (see note 17). The increase in value during the year amounted to £7,960,255 as set out in note 7.

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2014 were satisfactory.

DIVIDENDS

The directors do not recommend payment of a dividend.

EVENTS SINCE THE END OF THE YEAR

On 2 September 2014 the company sold its investment property for £23,933,816 less costs of £193,561 and repaid its group undertaking loan and investment deposit.

DIRECTORS

The following directors have held office since 1 June 2013:

R Tchenguiz
V A Tchenguiz

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

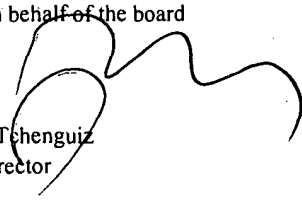
The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



R Tchenguiz
Director

16 December 2014

Charmglade Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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.

Charmglade Limited

INDEPENDENT AUDITOR'S REPORT

To The Members Of Charmglade Limited

We have audited the financial statements on pages 4 to 13. 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 members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement, 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 (APB'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 <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2014 and of its result 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 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report

Baker Tilly UK Audit LLP

Christopher Hurren FCA (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

3rd Floor

One London Square

Cross Lanes

Guildford

Surrey

GU1 1UN

16 December 2014

Charmglade Limited
PROFIT AND LOSS ACCOUNT
For the year ended 31 May 2014

	Notes	2014 £	2013 £
TURNOVER	1	860,526	849,677
Other operating expenses (net)	2	4,125	(9,000)
OPERATING PROFIT		864,651	840,677
Interest payable and similar charges	3	(864,660)	(879,603)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(9)	(38,926)
Taxation	6	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	13	(9)	(38,926)

All amounts derive from discontinued activities.

Charmglade Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 May 2014

	Notes	2014 £	2013 £
Loss for the financial year		(9)	(38,926)
Unrealised surplus on revaluation of properties	7	7,960,255	310,000
Total recognised gains and losses relating to the year		<u>7,960,246</u>	<u>271,074</u>

Charmglade Limited

BALANCE SHEET

As at 31 May 2014

Company registration No. 04097912

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	7	<u>23,740,255</u>	<u>15,780,000</u>
CURRENT ASSETS			
Debtors	8	2,881,472	3,033,559
CREDITORS: Amounts falling due within one year	9	<u>(14,173,248)</u>	<u>(14,311,070)</u>
NET CURRENT LIABILITIES		<u>(11,291,776)</u>	<u>(11,277,511)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,448,479	4,502,489
CREDITORS: Amounts falling due after more than one year	10	<u>(742,471)</u>	<u>(756,727)</u>
NET ASSETS		<u><u>11,706,008</u></u>	<u><u>3,745,762</u></u>
CAPITAL AND RESERVES			
Called up share capital	12	1	1
Revaluation reserve	13	13,417,331	5,457,076
Profit and loss account	13	<u>(1,711,324)</u>	<u>(1,711,315)</u>
SHAREHOLDERS' FUNDS	14	<u><u>11,706,008</u></u>	<u><u>3,745,762</u></u>

The financial statements on pages 4 to 13 were approved by the board of directors and authorised for issue on 16 December 2014 and are signed on its behalf by:

R Tchenguiz

Director

Charmglade Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards.

The financial statements have been prepared under the historical cost convention with the exception of investment properties which are stated at revalued amounts.

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

GOING CONCERN

At 31 May 2014 the company was party to a cross-collateralised group loan funding structure effected via a £100 million loan to a fellow group company, Greenflat Limited, which was due to be repaid in April 2014. The group had entered into a standstill agreement with the bank until 31 July 2014 to allow for the orderly disposal of the group's property investment portfolio by 31 August 2014 and repay its exposure under the loan facility agreement and the associated swaps at an agreed level of £108,000,000.

The group completed the disposals by 2 September 2014 and repaid the agreed settlement value in full.

Following the disposal of the company's investment property the company has net current assets.

The directors have assessed that the company has, or can expect to have, sufficient working capital for its needs for at least the next 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate to prepare the accounts on the going concern basis.

INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No. 19, investment properties are revalued annually on an open market basis and the aggregate surplus or deficit is transferred to a revaluation reserve. No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment is a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

No provision is made for deferred tax on unrealised gains recognised on revaluing property to its market value.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax is measured on a non-discounted basis.

CASHFLOW STATEMENT

The company is exempt from the requirement to prepare a cash flow statement, as more than 90% of the voting rights are controlled within the group and consolidated financial statements in which the company is included are publicly available.

Charmglade Limited

ACCOUNTING POLICIES (CONTINUED)

RENT RECEIVABLE

Rental income from investment properties leased out under operating leases is recognised in the profit and loss account on a straight line basis over the term of the lease. Contingent rents such as turnover rents and indexed rents are recognised as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earliest termination date.

HEDGING FINANCIAL INSTRUMENTS

Receipts and payments arising from financial instruments entered into in order to fix interest payable on loans are treated as additions to or reductions from interest payable.

Receipts and payments arising from financial instruments entered into in order to regularise income from the receipt of rent are treated as additions to or reductions from rental income.

The fair value of the financial instruments is not recognised in these accounts.

INVESTMENT DEPOSITS

Investment deposits arise where funding has been provided by way of complex financial instruments and are initially stated at cost. Where the funding is part of a hedging structure utilised to regularise income from rent the investment deposit is amortised at its internal rate of return and the reduction of the investment deposit is treated as an addition to rental income.

Where the funding otherwise has the attributes of loan relationships the carrying value is increased by advances received and by finance charges arising and reduced by payments made. Finance charges are calculated so as to produce a constant charge on the carrying amount.

Charmglade Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2014

1 TURNOVER

Turnover represents rent receivable adjusted for the effects of hedging financial instruments which are used to regularise the income from the receipt of rent as follows:

	2014	2013
	£	£
Rent receivable	935,492	915,516
Hedging financial instruments	(74,966)	(65,839)
	<u>860,526</u>	<u>849,677</u>

2 OTHER OPERATING EXPENSES (NET)

	2014	2013
	£	£
Administrative expenses	<u>(4,125)</u>	<u>9,000</u>

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Loan interest payable to group undertakings	838,735	845,037
Amortisation of finance charges	25,925	34,566
	<u>864,660</u>	<u>879,603</u>

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014	2013
	£	£
Loss is stated after charging:		
Auditor's remuneration	<u>3,000</u>	<u>3,000</u>

5 EMPLOYEES

There were no employees during the year apart from the directors, who received no emoluments.

Charmglade Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2014

6 TAXATION	2014 £	2013 £
UK Corporation tax	-	-
Current tax charge	-	-
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(9)	(38,926)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2013 - 23.00%)	(2)	(8,953)
Effects of:		
Group relief	(9,273)	(1,587)
UK transfer pricing	9,275	10,540
	2	8,953
Current tax charge	-	-

7 TANGIBLE FIXED ASSETS

	Investment properties £
Valuation	
At 1 June 2013	15,780,000
Revaluation	7,960,255
At 31 May 2014	23,740,255

The property was valued as at 31 May 2014 at £23,740,255 being the amount realised after date (see note 17).

The original cost of the property was £10,322,924 (2013: £10,322,924). Included in the cost of the property are capitalised interest and finance charges of £505,988 (2013: £505,988).

Investment property at net book value comprises:	2014 £	2013 £
Long Leasehold	23,740,255	15,780,000

Charmglade Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2014

8	DEBTORS	2014	2013
		£	£
	Amounts owed by group undertakings	2,881,472	3,007,634
	Prepayments and accrued income	-	25,925
		<u>2,881,472</u>	<u>3,033,559</u>
9	CREDITORS: amounts falling due within one year	2014	2013
		£	£
	Loan from group undertaking (note 10)	13,972,136	14,100,459
	Investment deposit from group undertaking (note 10)	14,257	12,898
	Other creditors	-	13,125
	Accruals and deferred income	186,855	184,588
		<u>14,173,248</u>	<u>14,311,070</u>
10	CREDITORS: amounts falling due after more than one year	2014	2013
		£	£
	Investment deposit from group undertaking	<u>742,471</u>	<u>756,727</u>
	Investment deposit maturity analysis:		
	In more than one year but not more than two years	15,647	14,256
	In more than two years but not more than five years	55,600	51,237
	In more than five years	671,224	691,234
		<u>742,471</u>	<u>756,727</u>

The group undertaking loan and investment deposit are with Greenflat Limited the funding for which is provided by a third party lender and has been provided to the company on the same interest and repayment terms. The loan which was due to be repaid in April 2014 was repaid in full on 2 September 2014 (see page 7). The loan bears interest at a fixed rate of 5.99% per annum. The investment deposit is amortised over the period to 2033. The loan and investment deposit are secured by a fixed and floating charge over the company's investment property.

The loan and investment deposit are subject to cross-guarantees and cross-collateralisation of the underlying properties used as security with other group loans and investment deposits. The total value of the group loans and investment deposits subject to the cross-collateralisation arrangement, including the company's loan and investment deposit, are £97,789,685 (2013: £98,687,801) and £2,881,000 (2013: £2,936,364) respectively and the fair value of the financial instruments also subject to the cross-collateralisation is £(44,001,472) (2013: £(52,010,223)).

Charmglade Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2014

11 DEFERRED TAXATION

No provision for deferred taxation has been made in respect of the property held as an investment which is included in these financial statements at a valuation of £23,740,255 (2013: £15,780,000). It is estimated that if this property were to be sold at that valuation the tax liability would amount to £1,715,176 (2013: £193,828) subject to any losses or group relief claims.

12 SHARE CAPITAL

	2014	2013
	£	£
Allotted, issued and fully paid		
Equity		
1 Ordinary share of £1	1	1

13 RESERVES

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 June 2013	5,457,076	(1,711,315)
Loss for the year	-	(9)
Revaluation during the year	7,960,255	-
Balance at 31 May 2014	13,417,331	(1,711,324)

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Loss for the financial year	(9)	(38,926)
Other recognised gains and losses	7,960,255	310,000
Net addition to shareholders' funds	7,960,246	271,074
Opening shareholders' funds	3,745,762	3,474,688
Closing shareholders' funds	11,706,008	3,745,762

Charmglade Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 May 2014

15 CONTROL

The company's immediate holding company is Birchlake Limited.

The parent undertaking of the smallest and largest group for which group accounts are prepared and of which the company is a member is Brookrain Limited, the company's ultimate United Kingdom holding company, which is registered in England. Copies of these group accounts are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The directors regard the ultimate holding company to be Sunnymist Limited, a company incorporated in the British Virgin Islands.

The ultimate controlling party is the Tchenguiz Family Trust.

16 RELATED PARTY TRANSACTIONS

The company is related to fellow subsidiaries of Sunnymist Limited with whom in many cases it has directors in common.

One such company is Rotch Property Group Limited ("Rotch"). Rotch provides management services to the company. At the balance sheet date, and included within amounts owed by group undertakings, £2,130,501 (2013: £2,256,663) was due from that company. Management fees payable for the year amounted to £6,000 (2013: £6,000). No interest accrues on this related party balance.

The company has taken advantage of the exemptions provided by Financial Reporting Standard Number 8 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

17 POST BALANCE SHEET EVENTS

On 2 September 2014 the company sold its investment property for £23,933,816 less costs of £193,561.

Following the disposal, the company repaid its group undertaking loan and investment deposit.