

Resolution Capital Limited

Report and Financial Statements

31 March 2011

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Resolution Capital Limited

Registered No 6726654

Directors

G J Levy
S C Mitchley

Secretary

S C Mitchley

Senior Statutory Auditor

J Young

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

Bankers

HSBC
Regional Service Centre Europe
P O Box 125
2nd Floor
62-76 Park Street
London
SE1 9WP

Registered Office

23 Savile Row
London
W1S 2ET

Directors' report

The directors present their report and the audited financial statements of Resolution Capital Limited ("the company") for the year ended 31 March 2011

Incorporation and commencement

The company was incorporated on 17 October 2008 in England and Wales under the name of Resolution Newco Limited. On 28 October 2008, the company changed its name to Resolution Capital Limited.

Principal activity

The principal activity of the company is that of an investment holding company. This will be the principal activity for the foreseeable future.

Review of business

The company made investments of £8,248,896 during the year facilitated by the drawdown of £7,250,000 on the loan from C Cowdery. £3,300,000 was subsequently repaid.

A loan of £900,000 previously made to Resolution Operations LLP, was repaid in the year.

Turnover for the year was £3,391,116 (2010: £nil) and the profit before tax was £2,311,790 (2010: £(1,442,840)).

The company's balance sheet as detailed on page 8 shows shareholders' funds amounting to £1,336,815 (2010: £(1,174,240)).

Results and dividends

The company has made a profit after tax of £2,511,055. The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the period or subsequent to the period end are as follows:

G J Levy
S C Mitchley

Going Concern

The directors have undertaken a going concern assessment. The company has made a profit for the year and the directors are confident that future activity by Resolution Limited will continue to provide positive returns for the company. Therefore, the directors are satisfied that the company has adequate resources to operate as a going concern for the foreseeable future, and have prepared the financial statements on that basis.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Report of the Directors 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 these financial statements, the directors are required to

Directors' report (continued)

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to the auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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 in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A written resolution to re-appoint Ernst & Young LLP as the Company's auditor has been circulated to the members for approval.

On behalf of the board



S Mitchley

Director

3/8/11

Report of the Independent Auditors to the Members of Resolution Capital Limited

We have audited the financial statements of Resolution Capital Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. 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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 in the annual report to identify material inconsistencies with the audited financial statements. 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 March 2011 and of its profit 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 Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of Resolution Capital Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, 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

Ernst Young LLP

Jeremy Young (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP

London

Date

4th August 2011

Profit and loss account

for the year ended 31 March 2011

		Year to 31 March 2011 £	Date of incorporation to 31 March 2010 £
	Notes		
Turnover	2	3,391,116	-
Interest Income		14,409	-
Other Income	3	-	54,400
Administrative expenses		(31,955)	(13,400)
Operating profit	4	3,373,570	41,000
Bank interest receivable		-	564
Interest payable and similar charges	5	(1,061,780)	(1,484,404)
Profit/(loss) on ordinary activities before taxation		2,311,790	(1,442,840)
Tax credit on the profit/loss on ordinary activities	6	199,265	258,600
Profit/(loss) for the year/period after taxation		2,511,055	(1,184,240)

All amounts are in respect of continuing activities

Statement of Total Recognised Gains and Losses

There were no recognised gains or losses other than the profit attributable to shareholders of the company of £2,511,055

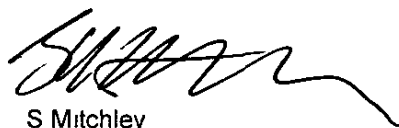
The notes numbered 1 to 15 form an integral part of these financial statements

Balance sheet

at 31 March 2011

	Notes	2011 £	2010 £
Fixed assets			
Investments	7	29,428,998	21,198,302
Current assets			
Loan to Resolution Operations LLP	8	-	900,000
Debtors	9	1,493,320	261,891
Cash at bank		53,921	62,614
		<u>1,547,241</u>	<u>1,224,505</u>
Creditors: amounts falling due within one year	10	(2,101,729)	(9,352)
Net current (liabilities)/assets		<u>(554,488)</u>	<u>1,215,153</u>
Total assets less current liabilities		<u>28,874,510</u>	<u>22,413,455</u>
Creditors: amounts falling due after one year	11	(27,537,695)	(23,587,695)
Net assets/(liabilities)		<u>1,336,815</u>	<u>(1,174,240)</u>
Capital and reserves			
Called up share capital	13	10,000	10,000
Profit and loss account	14	1,326,815	(1,184,240)
Shareholders' funds	14	<u>1,336,815</u>	<u>(1,174,240)</u>

Signed on behalf of the board on 3/8/11



S Mitchley

Director

The notes numbered 1 to 15 form an integral part of these financial statements

Notes to the financial statements

At 31 March 2011

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

Turnover

Turnover, which is stated net of value added tax, represents investment income receivable from its holding in subsidiary undertakings during the period, and arises from continuing activities in the UK, Guernsey and Luxembourg. This is recognised on a receivable basis.

Cash Flow Statement

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 on the basis of being a small company.

Interest Payable

Interest payable is recognised on an accruals basis.

Taxation and deferred tax

The tax credit for the year arises from a deferred tax credit offsetting the current tax charge. The credit for taxation in the previous period was based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

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.

Fixed Assets – Investments

Investments are stated at cost less provision for any permanent diminution in the value of the investments.

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.

Going Concern

The directors have undertaken a going concern assessment. The company has made a profit for the year and the directors are confident that future activity by Resolution Limited will continue to provide positive returns for the company. Therefore, the directors are satisfied that the company has adequate resources to operate as a going concern for the foreseeable future, and have prepared the financial statements on that basis.

Notes to the financial statements

At 31 March 2011

2. Turnover

An analysis of turnover by geographical market is as follows

	Year to 31 March 2011 £	Date of incorporation to 31 March 2010 £
United Kingdom	2,396,820	-
Guernsey	994,296	-
	<u>3,391,116</u>	<u>-</u>

3. Other Income

The other income relates to amounts received in relation to the sale of economic rights in Resolution Operations LLP and Resolution Financial Markets LLP

4. Operating profit

The operating profit is stated after charging

	Year to 31 March 2011 £	Date of incorporation to 31 March 2010 £
Auditors' remuneration	6,500	6,000
Directors' emoluments	-	-
	<u>-</u>	<u>-</u>

5. Interest payable and similar charges

	Year to 31 March 2011 £	Date of incorporation to 31 March 2010 £
Interest on loan	1,061,780	1,484,404
	<u>1,061,780</u>	<u>1,484,404</u>

Notes to the financial statements

At 31 March 2011

6. Taxation

Analysis of the tax charge

The tax credit on the profit/(loss) on ordinary activities for the year/period was as follows

	Year to 31 March 2011 £	Date of incorporation to 31 March 2010 £
UK Corporation tax		
UK Corporation tax charge for the year	(1,035,455)	-
Total current tax	(1,035,455)	-
Deferred tax		
Originating and reversal of timing differences	1,328,411	258,600
Impact of change in tax rate	(114,871)	-
Prior year adjustments	21,180	-
	1,234,720	258,600
Total tax	199,265	258,600

Factors affecting the tax charge for the year/period

The tax assessed on the profit/(loss) on ordinary activities for the year/period is equal to the standard rate of corporation tax in the UK. The differences are explained below

	Year to 31 March 2011 £	Date of incorporation to 31 March 2010 £
Profit/(loss) on ordinary activities before tax	2,311,790	(1,442,840)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	647,301	(403,995)
Expenses not deductible for tax purposes	(10,110)	-
Exempt dividend income	(278,403)	-
Taxable allocation in excess of accounting allocation	705,847	186,504
Unrelieved tax losses carried forward	-	217,491
Tax losses brought forward utilised	(25,146)	-
Chargeable gains utilised against loss	(4,035)	-
Total current tax	1,035,455	-

Notes to the financial statements

At 31 March 2011

7. Investments

All investments are stated at cost

	<i>Subsidiary Undertakings</i>	<i>Other Investments</i>	<i>Total</i>
	£	£	£
Cost			
At 1 April 2010	21,169,002	29,300	21,198,302
Additions	8,245,696	3,200	8,248,896
Disposals	(11,800)	(6,400)	(18,200)
At 31 March 2011	29,402,898	26,100	29,428,998

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				
RCAP Guernsey LP	Guernsey	Capital Contribution	Nil	Holding Company
RCAP GP Limited	Guernsey	Ordinary shares and Capital Contribution	100%	Holding Company
Resolution Financial Group Limited	United Kingdom	Ordinary shares	100%	Holding Company
Other investments				
Resolution Operations LLP	United Kingdom	Members Capital	Nil	Investment Management Services
Resolution Financial Markets LLP	United Kingdom	Members Capital	Nil	Investment Management Services

8. Loan to Resolution Operations LLP

The company made a loan on 11 March 2010 of £900,000 to Resolution Operations LLP, of which the company is a member. The loan formed part of a £1m facility made available to Resolution Operations LLP. The loan was repaid on 12 August 2010.

Notes to the financial statements

At 31 March 2011

9. Debtors

	2011 £	2010 £
Debtors	-	3,291
Deferred tax (note 12)	1,493,320	258,600
	<u>1,493,320</u>	<u>261,891</u>

10. Creditors: amounts falling due within one year

	2011 £	2010 £
Loan interest	1,047,797	-
Taxation	1,035,455	-
Trade creditors	3,475	2,300
Accruals and deferred income	15,000	7,050
Other	2	2
	<u>2,101,729</u>	<u>9,352</u>

11. Creditors: amounts falling due after one year

	2011 £	2010 £
Loan from Clive Cowdery	27,537,695	23,587,695
At 31 March 2010	<u>27,537,695</u>	<u>23,587,695</u>

A loan of £1m was made to the company on 11 November 2008 by Clive Cowdery, a shareholder of the company, to provide it with working capital for its operations. On 3 December 2008, the loan was increased by £20m to enable the company's investment in Resolution Holdco No 1 LP. On 8 March 2010, the loan was further increased by £2,587,695, to cover working capital commitments and to enter into further investments.

On 26 July 2010, the loan was increased by £7,250,000 to enable the company to enter into further investments. £2.4m was repaid on 16 August 2010 and £0.9m was repaid on 15 October 2010. Interest of £1,061,780 has been charged for the year.

Notes to the financial statements

At 31 March 2011

12. Deferred taxation

The deferred tax included in the balance sheet is as follows

	2011 £	2010 £
Non capital tax losses carried forward	198,273	217,491
Capital tax losses carried forward	601,445	-
Company's share of unallocated profits of Resolution Operations LLP	693,602	41,109
	<u>1,493,320</u>	<u>258,600</u>

There is a deferred tax asset relating to non-capital and capital losses. The directors anticipate future year's results to be profitable, supporting the recoverability and recognition of the deferred tax asset on non-capital losses. The directors also anticipate capital disposals in the foreseeable future sufficient to recognise the deferred tax asset on the capital losses. The company's share of unallocated profits is expected to unwind through the accounts in the next period.

On the 29 March 2011 an announcement was made by the Chancellor that the UK main Corporation Tax rate would reduce to 26% from 1 April 2011. A tax rate of 26% has therefore been used to calculate the deferred tax at 31 March 2011.

13. Called up share capital

	Number of shares	2011 £	2010 £
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>

14. Reconciliation of shareholders' funds and movement in reserves

	Issued Share Capital £	Accumulated Losses/Profit £	Total £
At 1 April 2010	10,000	(1,184,240)	(1,174,240)
Profit for the year	-	2,511,055	2,511,055
At 31 March 2011	<u>10,000</u>	<u>1,326,815</u>	<u>1,336,815</u>

15. Ultimate controlling party

The ultimate controlling party is considered to be C A Cowdery as majority shareholder.