

Resolution Capital Limited

Report and Financial Statements

31 March 2012

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Resolution Capital Limited

Registered No 6726654

Director

G J Levy

Secretary

R Clifton

Senior Statutory Auditor

J Young

Auditors

Ernst & Young LLP
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London
SE1 2AF

Bankers

HSBC
Regional Service Centre Europe
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SE1 9WP

Registered Office

23 Savile Row
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Director's report

The director presents his report and the audited financial statements of Resolution Capital Limited ("the company") for the year ended 31 March 2012

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

Turnover for the year was £5,517,089 (2011: £3,391,116) and the profit before tax was £4,135,334 (2011: £2,311,790).

The company's balance sheet as detailed on page 8 shows shareholders' funds amounting to £4,669,180 (2011: £1,336,815).

The company did not make any material changes to its investments during the year.

Results and dividends

The company has made a profit after tax of £3,332,365. The director does not recommend the payment of a dividend.

Directors

The directors at the start of the year were

G J Levy
S C Mitchley

Mr Mitchley resigned as a director on 19 August 2011 and thereafter the company has operated with one director.

Going Concern

The director has undertaken a going concern assessment. The company has made a profit for the year and the director is confident that future activity will continue to provide positive returns for the company. 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.

Statement of Director's Responsibilities

The director is responsible for preparing the Report of the Director 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 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

Director's report (continued)

Statement of Director's Responsibilities (continued)

- select suitable UK 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 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 him 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.

Statement as to disclosure of information to the auditors

So far as the director is 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 the 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.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board



G J Levy
Director

16 August 2012

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 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 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 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 Director's Responsibilities set out on pages 3 and 4, 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 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 director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements 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 2012 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

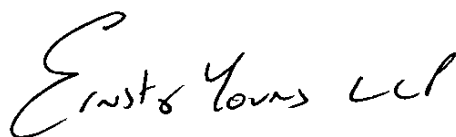
In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 director's 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 in accordance with the small companies regime and take advantage of the small companies exemption in preparing the director's report



Jeremy Young (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP

London

Date

20th August 2012

Profit and loss account

for the year ended 31 March 2012

	Notes	2012 £	2011 £
Turnover	2	5,517,089	3,391,116
Administrative expenses		(286,746)	(31,955)
Operating profit	3	5,230,343	3,359,161
Interest receivable and similar income		-	14,409
Interest payable and similar charges	4	(1,095,009)	(1,061,780)
Profit on ordinary activities before taxation		4,135,334	2,311,790
Tax (charge)/credit on the profit on ordinary activities	5	(802,969)	199,265
Profit for the year after taxation		3,332,365	2,511,055

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 £3,332,365 (2011 £2,511,055)

The notes numbered 1 to 13 form an integral part of these financial statements

Balance sheet

at 31 March 2012

	Notes	2012 £	2011 £
Fixed assets			
Investments	6	29,372,448	29,428,998
Current assets			
Debtors	7	1,364,515	1,493,320
Cash at bank		222,896	53,921
		<u>1,587,411</u>	<u>1,547,241</u>
Creditors amounts falling due within one year	8	(1,290,679)	(2,101,729)
Net current assets/(liabilities)		<u>296,732</u>	<u>(554,488)</u>
Total assets less current liabilities		<u>29,669,180</u>	<u>28,874,510</u>
Creditors amounts falling due after one year	9	(25,000,000)	(27,537,695)
Net assets		<u><u>4,669,180</u></u>	<u><u>1,336,815</u></u>
Capital and reserves			
Called up share capital	11	10,000	10,000
Profit and loss account	12	4,659,180	1,326,815
Shareholders' funds	12	<u><u>4,669,180</u></u>	<u><u>1,336,815</u></u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

Signed on behalf of the board on

16 August 2012



G J Levy
Director

The notes numbered 1 to 13 form an integral part of these financial statements

Notes to the financial statements

At 31 March 2012

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost convention. In addition, the financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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 and Guernsey. 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 any provision for impairment 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 director has undertaken a going concern assessment. The company has made a profit for the year and the director is confident that future activity by Resolution Limited will continue to provide positive returns for the company. 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 (continued)

At 31 March 2012

2. Turnover

An analysis of turnover by geographical market is as follows

	2012 £	2011 £
United Kingdom	3,823,089	2,396,820
Guernsey	1,694,000	994,296
	<u>5,517,089</u>	<u>3,391,116</u>

3. Operating profit

The operating profit is stated after charging

	2012 £	2011 £
Auditors' remuneration	6,500	6,500
Director's emoluments	-	-
	<u>-</u>	<u>-</u>

There were no employees during the year (2011 nil)

4 Interest payable and similar charges

	2012 £	2011 £
Interest on loan	1,095,009	1,061,780
	<u>1,095,009</u>	<u>1,061,780</u>

Notes to the financial statements (continued)

At 31 March 2012

5. Taxation

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows

	Year to 31 March 2012 £	Year to 31 March 2011 £
UK corporation tax		
UK corporation tax charge for the period	(668,612)	(1,035,455)
Adjustments in respect of previous periods	(5,552)	-
Total current tax	(674,164)	(1,035,455)
Deferred tax		
Originating and reversal of timing differences	(18,804)	1,328,411
Impact of change in tax rate	(113,710)	(114,871)
Prior year adjustments	3,709	21,180
	(128,805)	1,234,720
Total Tax	(802,969)	199,265

Factors affecting the tax charge for the period

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

	Year to 31 March 2012 £	Year to 31 March 2011 £
Profit on ordinary activities before tax	4,135,334	2,311,790
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 26% (2011: 28%)	1,075,187	647,301
Expenses not deductible for tax purposes	52,669	(10,110)
Exempt dividend income	(440,440)	(278,403)
Taxable allocation in excess of accounting allocation	(18,804)	705,847
Tax losses brought forward utilised	-	(25,146)
Chargeable gains utilised against loss	-	(4,035)
Adjustments in respect of previous periods	5,552	-
Total current tax	674,164	1,035,455

Notes to the financial statements (continued)

At 31 March 2012

6. Investments

All investments are stated at cost

	<i>Subsidiary Undertakings</i>	<i>Other Investments</i>	<i>Total</i>
	£	£	£
Cost			
At 1 April 2011	29,402,898	26,100	29,428,998
Additions	-	-	-
Disposals	(54,950)	(1,600)	(56,550)
At 31 March 2012	29,347,948	24,500	29,372,448

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

Company	Country of Incorporation	Holding	Proportion of 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

Notes to the financial statements (continued)

At 31 March 2012

7. Debtors

	2012 £	2011 £
Deferred tax (note 10)	1,364,515	1,493,320
	<u>1,364,515</u>	<u>1,493,320</u>

8. Creditors: amounts falling due within one year

	2012 £	2011 £
Resolution Operations LLP	260,763	-
Loan interest	549,750	1,047,797
Taxation	466,164	1,035,455
Trade creditors	-	3,475
Accruals and deferred income	14,000	15,000
Other	2	2
	<u>1,290,679</u>	<u>2,101,729</u>

9. Creditors: amounts falling due after one year

	2012 £	2011 £
Loan from Clive Cowdery	25,000,000	27,537,695
At 31 March	<u>25,000,000</u>	<u>27,537,695</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. £2,537,695 of the loan was repaid during the year.

The interest rate charged on the loan is LIBOR plus 3%. The loan is repayable on 13 November 2018.

Notes to the financial statements (continued)

At 31 March 2012

10. Deferred taxation

The deferred tax included in the balance sheet is as follows

	2012 £	2011 £
Non capital tax losses carried forward	183,021	198,273
Capital tax losses carried forward	558,603	601,445
Company's share of unallocated profits	622,891	693,602
	<u>1,364,515</u>	<u>1,493,320</u>

There is a deferred tax asset relating to non-capital and capital losses. The director anticipates realisation of profits in future years, supporting the recoverability and recognition of the deferred tax asset on these losses. The company's share of unallocated profits is expected to unwind through the accounts in future periods, though timing differences between allocation and taxation of RCL's share of profits arising in Resolution Operations LLP and Resolution Financial Markets LLP may continue to arise.

On 21 March 2012 the announcement made by the Chancellor that the UK main Corporation Tax rate would reduce to 24% from 1 April 2012 was put into UK law, and was substantively enacted under the Provisional Collection of Taxes Act 1968. A tax rate of 24% has therefore been used to calculate the deferred tax balances recognised at 31 March 2012.

11. Called up share capital

	Number of shares	2012 £	2011 £
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>

12. Reconciliation of shareholders' funds and movement in reserves

	Issued Share Capital £	Accumulated Profit £	Total £
At 1 April 2011	10,000	1,326,815	1,336,815
Profit for the year	-	3,332,365	3,332,365
At 31 March 2012	<u>10,000</u>	<u>4,659,180</u>	<u>4,669,180</u>

13. Ultimate controlling party

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