

# Resolution Capital Limited

## Report and Financial Statements

31 March 2015

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Resolution Capital Limited

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Registered No: 6726654

**Director**

C A Cowdery

**Auditors**

Ernst & Young LLP  
25 Churchill Place  
London  
E14 5EY

**Bankers**

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

**Registered Office**

2 Queen Anne's Gate  
London  
SW1H 9AA

## 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 2015.

### 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

In the period the sale of Friends Life to Aviva concluded The Resolution Group's second UK life project. The company continues to service its US investment via Resolution Life GP Limited and explore other potential investment opportunities.

Turnover for the year was £1,743,455 (2014: £2,394,047) and the profit before tax was £9,466,482 (2014: loss of £1,505,575).

The Company's balance sheet as detailed on page 8 shows shareholders' funds amounting to £6,062,102 (2014: Deficit of £2,896,296).

### Dividends

The director does not recommend the payment of a dividend (2014: £nil).

### Directors

The sole director during the year and at the date of this report was C A Cowdery.

### Going Concern

The director has undertaken a going concern assessment. The Company has made a profit for the year, has shareholder funds of £6.1m and has a cash balance of £32.9m at the year end. 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.

The Companies Act 2006 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 the Companies Act 2006 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 accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

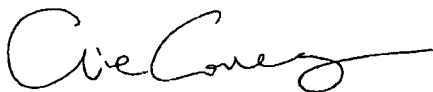
### Statement as to disclosure of information to the auditors

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 member 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.



C A Cowdery  
Director

7 December 2015

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

We have audited the financial statements of Resolution Capital Limited ("the Company") for the year ended 31 March 2015 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 the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 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 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 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 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to smaller entities; 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, take advantage of the small companies' exemption from the requirement to prepare a Strategic Report and take advantage of the small companies exemption in preparing the director's report.



James Beszant (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP

London

Date: 8 December 2015

## Profit and loss account

for the year ended 31 March 2015

	Notes	2015 £	2014 £
<b>Turnover</b>	2	1,743,455	2,394,047
Administrative expenses		(4,544,447)	(5,192,251)
<b>Operating loss</b>	3	(2,800,992)	(2,798,204)
Other income	4	566,894	2,312,000
Profit on disposal of investment	5	12,939,063	-
Interest payable and similar charges	6	(1,238,483)	(1,019,371)
<b>Profit/(loss) on ordinary activities before taxation</b>		9,466,482	(1,505,575)
Tax (charge)/credit on the profit/(loss) on ordinary activities	7	(508,082)	505,345
<b>Profit/(loss) for the year after taxation</b>		8,958,398	(1,000,230)

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 the shareholder of the Company of £8,958,398 (2014: loss of £1,000,230).

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

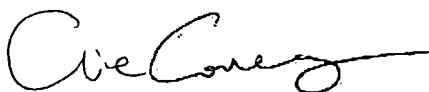
## Balance sheet

at 31 March 2015

	Notes	2015 £	2014 £
<b>Fixed assets</b>			
Investments	8	110,447	20,274,812
<b>Current assets</b>			
Debtors	9	7,978,634	10,071,516
Cash at bank		32,921,354	530,595
		<u>40,899,988</u>	<u>10,602,111</u>
<b>Creditors: amounts falling due within one year</b>	10	(189,633)	(253,848)
<b>Net current assets</b>		<u>40,710,355</u>	<u>10,348,263</u>
<b>Total assets less current liabilities</b>		<u>40,820,802</u>	<u>30,623,075</u>
<b>Creditors: amounts falling due after one year</b>	11	(34,758,700)	(33,519,371)
<b>Net assets/(liabilities)</b>		<u>6,062,102</u>	<u>(2,896,296)</u>
<b>Capital and reserves</b>			
Called up share capital	13	10,000	10,000
Profit and loss account	14	6,052,102	(2,906,296)
<b>Shareholder's funds/(deficit)</b>	14	<u>6,062,102</u>	<u>(2,896,296)</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



C A Cowdery

Director

Company number: 6726654

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

## Notes to the financial statements

For the year ended 31 March 2015

### 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 received from related undertakings during the period, and arises from continuing activities in the UK. This is recognised when the Company obtains its rights to consideration in exchange for its performance.

#### **Other income**

Other income includes the recovery of costs incurred on behalf of related entities. This income is recognised when the costs are recharged.

#### **Cash flow statement and Related party transactions**

The Company has taken advantage of the exemption from preparing a cash flow statement and presenting related party transactions 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 charge for the year arises from a deferred tax adjustment, there was no current tax charge. The charge for taxation in the previous period was based on the profit 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.

#### **Pension contributions**

Pension contributions for staff have been made into the defined contribution pension scheme operated by Scottish Life.

#### **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 in the current year and has sufficient cash resources for the foreseeable future. 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

For the year ended 31 March 2015

### Foreign currency transactions

Transactions undertaken in a foreign currency are translated into sterling at the exchange rate prevailing at the transaction date. Foreign currency balances are translated into sterling using the exchange rate at the balance sheet date, with any resultant differences going through the profit and loss account.

### 2. Turnover

An analysis of turnover by geographical market is as follows:

	2015 £	2014 £
United Kingdom		
- External dividends received	1,743,455	1,743,455
- Distributions from related undertakings	-	541,401
Other	-	109,191
	<u>1,743,455</u>	<u>2,394,047</u>

### 3. Operating loss

The operating loss is stated after charging:

	2015 £	2014 £
Auditors' remuneration	15,000	11,000
Salaries and bonuses	1,003,035	1,403,070
Social security costs	127,608	185,147
Pension contributions to defined contribution scheme	26,595	20,625
Director's emoluments	-	-
	<u></u>	<u></u>

There were an average of 9 employees during the year (2014: 8).

### 4. Other income

	2015 £	2014 £
Recovery of costs from foreign related entity	560,220	2,300,000
Other income	6,674	12,000
	<u>566,894</u>	<u>2,312,000</u>

## Notes to the financial statements

For the year ended 31 March 2015

### 5. Profit on disposal of investment

During the period, the Company disposed of its investment in Friends Life Group Limited shares. The profit on disposal was as follows:

	2015	2014
	£	£
Disposal proceeds of Friends Life Group Limited shares	33,103,428	-
Investment in Friends Life Group Limited disposed	(20,164,365)	-
	<u>12,939,063</u>	<u>-</u>

### 6. Interest payable and similar charges

	2015	2014
	£	£
Interest on loan	1,238,483	1,019,371
	<u>1,238,483</u>	<u>1,019,371</u>

## Notes to the financial statements

For the year ended 31 March 2015

### 7. Taxation

#### Analysis of the tax charge

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

	2015 £	2014 £
<b>UK corporation tax</b>		
UK corporation tax charge for the period	-	-
Adjustments in respect of previous periods	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Originating and reversal of timing differences	469,345	546,027
Impact of change in tax rate	38,737	(122,177)
Prior year adjustments	-	81,495
	<u>508,082</u>	<u>505,345</u>
<b>Total Tax</b>	<u>508,082</u>	<u>505,345</u>

#### Factors affecting the tax charge for the period

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

	2015 £	2014 £
Profit/(loss) on ordinary activities before tax	9,466,482	(1,505,575)
Profit/(loss) on ordinary activities multiplied by standard rate of UK corporation tax of 21% (2014: 23%)	<u>1,987,961</u>	<u>(346,282)</u>
Expenses not deductible for tax purposes	218,830	92,826
Income not taxable for tax purposes	(3,128,578)	-
Interest payable not deductible for tax purposes	-	234,455
Movement in short term timing differences	1,052,995	-
Tax charge arising due to interest in controlled foreign company	-	156,268
Trade intangible fixed asset credits on capital items	-	-
Non-deductible write off on investments	-	-
Exempt dividend income	-	(400,995)
Taxable allocation in excess of accounting allocation	-	(436,828)
Effect of gains (including rollover relief)	351,764	-
Utilisation of tax losses	(482,972)	(27,874)
Unrelieved tax losses carried forward	-	728,430
<b>Total current tax charge / (credit) for the period</b>	<u>-</u>	<u>-</u>

## Notes to the financial statements

For the year ended 31 March 2015

### 8. Investments

All investments are stated at cost:

	<i>Subsidiary Undertakings</i> £	<i>Other Investments</i> £	<i>Total</i> £
Cost:			
At 1 April 2014	110,347	20,164,465	20,274,812
Additions	-	-	-
Disposals	-	(20,164,365)	(20,164,365)
At 31 March 2015	110,347	100	110,447

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

<b>Company</b>	<b>Country of Incorporation</b>	<b>Holding</b>	<b>Proportion of voting rights &amp; shares held</b>	<b>Nature of Business</b>
Subsidiary undertakings:				
Resolution Financial Group Limited	United Kingdom	Ordinary shares	100%	Holding Company
Resolution Life US Limited	United Kingdom	Ordinary shares	100%	Holding Company
Resolution (Brands) Limited	United Kingdom	Ordinary share	100%	Licensing services
RCAP (TRG) GP Limited	United Kingdom	Ordinary shares	100%	Holding Company
RCAP (US) GP Limited	United Kingdom	Ordinary shares	100%	Holding Company
RCAP Feeder LP	United Kingdom	Members Capital	100%	Holding Company
Resolution Life GP Limited	Bermuda	Ordinary shares	100%	Holding Company
Other investments:				
Resolution Operations LLP	United Kingdom	Members Capital	Nil	Investment Management Services

## Notes to the financial statements

For the year ended 31 March 2015

### 9. Debtors

	2015 £	2014 £
Deferred tax (note 12)	774,779	1,282,861
Recoverable VAT	186,219	43,254
Recoverable from Resolution Operations LLP	29,347	557,280
Other debtors	6,988,288	8,188,121
	<u>7,978,634</u>	<u>10,071,516</u>

### 10. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	57,938	76,127
Accruals and other creditors	90,624	101,003
Other taxes and social security costs	41,071	76,718
	<u>189,633</u>	<u>253,848</u>

### 11. Creditors: amounts falling due after one year

	2015 £	2014 £
Loan from Clive Cowdery, loan principal	32,500,000	32,500,000
Accrued interest	2,258,700	1,019,371
At 31 March	<u>34,758,700</u>	<u>33,519,371</u>

The loan facility has been made available to the Company by Clive Cowdery, the sole shareholder and director of the Company. The interest rate charged on the loan is LIBOR plus 3%. The loan is repayable on 13 November 2018.

## Notes to the financial statements

For the year ended 31 March 2015

### 12. Deferred taxation

The deferred tax included in the balance sheet is as follows:

	2015	2014
	£	£
Non capital tax losses carried forward	1,282,861	1,035,467
Capital tax losses carried forward	(508,082)	247,394
Company's share of unallocated profits	-	-
	<u>774,779</u>	<u>1,282,861</u>

There are deferred tax assets relating to non-capital and capital losses. The directors anticipate realisation of taxable profits in future years, supporting the recoverability and recognition of the deferred tax asset on these losses.

On 20 March 2013 the announcement made by the Chancellor that the UK main Corporation Tax rate would reduce to 21% from 1 April 2014 was put into UK law, and was substantively enacted under the Provisional Collection of Taxes Act 1968 on 2 July 2013. A tax rate of 21% has therefore been used to calculate the deferred tax balances recognised at 31 March 2014.

### 13. Called up share capital

	Number of shares	2015 £	2014 £
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 shareholder's funds and movement in reserves

	Issued Share Capital £	Accumulated Profit/(loss) £	Total £
At 1 April 2014	10,000	(2,906,296)	(2,896,296)
Profit for the year	-	8,958,398	8,958,398
At 31 March 2015	<u>10,000</u>	<u>6,052,102</u>	<u>6,062,102</u>

### 15. Ultimate controlling party

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