

Bbay (Knightsbridge) Ltd

Directors' report and financial statements

For the year ended 31 December 2012

Company Number: 06908187

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Bbay (Knightsbridge) Ltd

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Bbay (Knightsbridge) Ltd

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activity

The principal activity of the Company is that of holding an investment property

Business review

During 2009 the Company acquired a London based investment property which is fully let. The Company will continue to own and rent out the property

Results and transfer to reserves

The results and transfers to reserves for the year are set out on page 5 and in note 10

Dividend

The Directors do not propose the payment of a dividend (2011 £Nil)

Directors

The Directors who served during the year and to date were

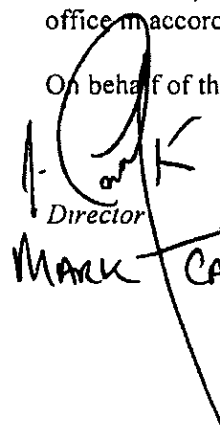
Buxton Limited	(resigned 30 November 2012)
Ciaran Michael Lawlor	(resigned 30 November 2012)
Paul John Carpenter	(resigned 30 November 2012)
Mark Carpenter	(appointed 30 November 2012)
Steven Bowen	(appointed 30 November 2012)
Lumbro Nominees (Jersey) Limited	(appointed 30 November 2012)

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Our auditors, KPMG Audit LLC, being eligible, have expressed their willingness to continue in office in accordance with Section 485 of the Companies Act 2006

On behalf of the Board


Director
MARK CARPENTER

19 Cavendish Square
London, W1A 2AW

Bbay (Knightsbridge) Ltd

Statement of Directors' responsibilities in respect of the Directors' report and the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice) 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

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with UK Accounting Standards, 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Report of the Independent Auditors, KPMG Audit LLC, to the member of Bbay (Knightsbridge) Ltd

We have audited the financial statements of Bbay (Knightsbridge) Ltd for the year ended 31 December 2012 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards.

This report is made solely to the Company's member 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 member 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 member, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 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 (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 APB's website.

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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Accounting Standards, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

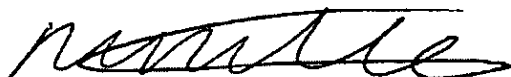
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors, KPMG Audit LLC, to the member of Bbay (Knightsbridge) Ltd (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



27 September 2013

M R Kelly (Senior Statutory Auditor)
for and on behalf of KPMG Audit LLC, Statutory Auditor
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man IM99 1HN

Bbay (Knightsbridge) Ltd

Profit and loss account for the year ended 31 December 2012

	Notes	£	2012 £	£	2011 £
Income					
Rental income	1c)	4,214,697		4,182,259	
Bank interest		4,993		949	
Sundry income		1,350		4,041	
			4,221,040		4,187,249
Expenses	1d)				
Administrative expenses		(149,265)		(183,663)	
Property expenses		(452,809)		(421,470)	
			(602,074)		(605,133)
Profit before tax	2		3,618,966		3,582,116
Taxation	3		(918,177)		(965,704)
Profit after tax			2,700,789		2,616,412

The notes on pages 9 to 13 form part of these financial statements.

The Directors consider that all results derive from continuing activities

Bbay (Knightsbridge) Ltd

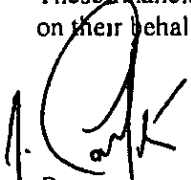
Balance sheet


as at 31 December 2012


	Notes	£	2012 £	£	2011 £
Non-current assets					
Investment property	4		71,750,000		72,400,000
Debtors	5		4,110,155		4,137,217
			<u>75,860,155</u>		<u>76,537,217</u>
Current assets					
Debtors and prepayments	5	1,880,752		722,240	
Cash at bank		360,299		468,233	
		<u>2,241,051</u>		<u>1,190,473</u>	
Current liabilities					
Loans payable	7	(59,575)		(53,253)	
Creditors	6	(2,065,339)		(1,800,629)	
Taxation	3	(436,824)		(502,964)	
		<u>(2,561,738)</u>		<u>(2,356,846)</u>	
Net current assets / (liabilities)			<u>(320,687)</u>		<u>(1,166,373)</u>
Total assets less current liabilities			<u>75,539,468</u>		<u>75,370,844</u>
Non-current liabilities					
Long-term loans payable	7		(50,720,554)		(52,572,267)
Creditors	6		(3,621,181)		(3,652,528)
Provision for liabilities and charges	3(a)		(35,201)		(34,306)
Net assets			<u><u>21,162,532</u></u>		<u><u>19,111,743</u></u>
Capital and reserves					
Share capital	8		1		1
Revaluation reserve	9		12,488,944		13,138,944
Retained reserves	9		8,673,587		5,972,798
Equity shareholder's funds	10		<u><u>21,162,532</u></u>		<u><u>19,111,743</u></u>

The notes on pages 9 to 13 form part of these financial statements

These financial statements were approved by the Board of Directors on 26 September 2013 and were signed on their behalf by


Director
MARK CARPENTER


Authorised Signatory
Director-Luxembourg Nominees (Jersey) Limited
NICOLE THORNE


Authorised Signatory
THOMAS HILLER

Bbay (Knightsbridge) Ltd

Cash flow statement

for the year ended 31 December 2012

		2012 £	2011 £
Cash flow from operating activities			
Profit before tax		3,618,966	3,582,116
Adjusted for			
(Increase)/Decrease in debtors and prepayments		(1,131,450)	589,498
Increase in creditors		233,363	429,325
Interest received		(4,993)	(949)
Taxation paid		(983,422)	(779,244)
Net cash generated from operating activities		<u>1,732,464</u>	<u>3,820,746</u>
Cash flows from financing activities			
Loans received	7	62,609	22,073,127
Loans repaid	7	(1,908,000)	(25,586,772)
Interest received		4,993	949
		<u>(1,840,398)</u>	<u>(3,512,696)</u>
Net decrease in cash		(107,934)	308,050
Cash at 31 December 2011		<u>468,233</u>	<u>160,183</u>
Cash at 31 December 2012		<u><u>360,299</u></u>	<u><u>468,233</u></u>

The notes on pages 9 to 13 form part of these financial statements

Bbay (Knightsbridge) Ltd

Statement of Total Recognised Gains and Losses *for the year ended 31 December 2012*

	<i>Note</i>	2012 £	2011 £
Profit for the financial year		2,700,789	2,616,412
Property revaluation	<i>4</i>	(650,000)	-
Total recognised gains and losses relating to the year		<u>2,050,789</u>	<u>2,616,412</u>

The notes on pages 9 to 13 form part of these financial statements

Bbay (Knightsbridge) Ltd

Notes

(forming part of the financial statements for the year ended 31 December 2012)

1 Accounting policies

a) Basis of accounting

These financial statements are prepared under the historical cost convention as modified for the revaluation of the investment property and in accordance with UK Accounting Standards

b) Investment property

Investment properties are included at the Directors' estimate of their open market value in accordance with Statement of Standard Accounting Practice No 19 (SSAP 19). If any resulting deficit on a property is considered to be permanent that deficit is charged to the profit and loss account, otherwise the resulting surplus or deficit is transferred to a revaluation reserve. No depreciation is provided.

c) Rental income received

Rental income from investment property is recognised on a straight line basis over the term of the lease.

d) Expenses

Expenses are accounted for on an accruals basis.

e) Deferred taxation

Deferred taxation is provided on timing differences arising from the recognition of income and expenditure in different periods for taxation and accounting purposes where timing differences have originated but not reversed by the balance sheet date, in accordance with FRS 19 "Deferred Tax".

f) Going concern

The Company is in a net current liability position, however, the Directors consider the going concern assumption to be appropriate as the Company is in a total net asset position and continues to make an operating profit in the foreseeable future.

2 Profit before taxation

Profit before taxation is stated after charging

	2012 £	2011 £
Auditors' remuneration	<u>2,739</u>	<u>4,050</u>

Bbay (Knightsbridge) Ltd

Notes (continued)

(forming part of the financial statements for the year ended 31 December 2012)

3 Taxation

a) Analysis of charge in the period

	2012 £	2011 £
Profit and loss account		
Current tax		
UK corporation tax at 24.5% (2011: 26.5%) based on profits for the year	918,418	964,008
(Over)/under provision from previous years	(1,136)	(175)
	<u>917,282</u>	<u>963,833</u>
Deferred tax		
Provision for deferred tax	895	1,871
	<u>918,177</u>	<u>965,704</u>
Balance sheet		
Due in less than one year	<u>436,824</u>	<u>502,964</u>
Deferred tax		
Accelerated capital allowances	<u>35,201</u>	<u>34,306</u>
Provision at start of period	34,306	32,435
Deferred tax charge in profit and loss account	895	1,871
	<u>35,201</u>	<u>34,306</u>

b) Analysis of charge in the period

The tax assessed for the period is higher (2011: higher) than the rate of UK income tax
The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>3,618,966</u>	<u>3,582,116</u>
Profit on ordinary activities multiplied by rate of corporation tax		
Tax at 24.5% (2011: 26.5%)	886,647	949,261
<i>Effects of</i>		
Non deductible expenses	35,751	20,663
Capital allowances in excess of depreciation	(3,877)	(5,667)
(Over)/under provision from previous years	(1,136)	(175)
Impact of change of corporation tax rate	(103)	(249)
	<u>917,282</u>	<u>963,833</u>

Bbay (Knightsbridge) Ltd

Notes (continued)

(forming part of the financial statements for the year ended 31 December 2012)

4 Investment property

	2012 £	2011 £
<i>27-31 Knightsbridge, London SW1</i>		
Purchase price	56,000,000	56,000,000
Capitalised expenses	3,261,056	3,261,056
Property revaluation	12,488,944	13,138,944
	<u>71,750,000</u>	<u>72,400,000</u>

The open market value of the investment property of the Company has been arrived at on the basis of an independent valuation carried out on 15 June 2012 by CBRE Ltd. Open market value represents the amount at which the asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction after proper marketing at the date of valuation.

5 Debtors and prepayments

	2012 £	2011 £
Non-current assets		
Due from property manager	3,621,181	3,652,528
Deposit	488,974	484,689
	<u>4,110,155</u>	<u>4,137,217</u>
Current assets		
Prepayment	97,172	97,172
Due from property manager	760,877	586,279
Trade debtors	1,022,703	38,789
	<u>1,880,752</u>	<u>722,240</u>

6 Creditors

	2012 £	2011 £
Non-current liabilities		
Due to tenants	3,621,181	3,652,528
	<u>3,621,181</u>	<u>3,652,528</u>
Current liabilities		
Trade creditors	1,093,617	828,907
Deferred income	971,722	971,722
	<u>2,065,339</u>	<u>1,800,629</u>

Bbay (Knightsbridge) Ltd

Notes (continued)

(forming part of the financial statements for the year ended 31 December 2012)

7 Loans payable

	2012 £	2011 £
Non-current liabilities		
Bbay (Knightsbridge) Holdings Ltd (1) (note 11)	50,720,554	52,572,267
Current liabilities		
Bbay (Knightsbridge) Holdings Ltd (2) (note 11)	59,575	53,253
Total Loans	50,780,129	52,625,520

(1) The loan payable is interest free, unsecured and repayable on or before 29 June 2015

(2) The loan payable is interest free, unsecured and repayable on demand

The company received loans of £62,609 and repaid loans of £1,908,000 during the year

8 Share capital

	2012 £	2011 £
Authorised share capital		
10,000 ordinary shares of £1	10,000	10,000
Issued share capital		
1 ordinary share of £1	1	1

9 Reserves

	Revaluation reserve £	Retained reserves £
At 1 January 2012	13,138,944	5,972,798
Movement for the year	(650,000)	2,700,789
At 31 December 2012	12,488,944	8,673,587

10 Statement of movements in equity shareholder's funds

	2012 £	2011 £
Brought forward	19,111,743	16,495,331
Property revaluation	(650,000)	-
Profit for year	2,700,789	2,616,412
At 31 December	21,162,532	19,111,743

Bbay (Knightsbridge) Ltd

Notes (continued)

(forming part of the financial statements for the year ended 31 December 2012)

11 Immediate parent company and ultimate controlling party

The Company is owned by Bbay (Knightsbridge) Holdings Limited, a company incorporated in the Isle of Man. The ultimate controlling party is Marigold Trust Company Limited.

12 Related party transactions

During the year, the Company received administration services from Standard Bank Trust Company (Isle of Man) Limited and Standard Bank Trust Company (Jersey) Limited. Ciaran Michael Lawlor and Paul John Carpenter were Directors of both Standard Bank Trust Company (Isle of Man) Limited and the Company. Steven Bowen and Mark Carpenter are Directors of both Standard Bank Offshore Trust Company Jersey Limited and the Company. Fees paid to Standard Bank Trust Company during the year amounted to £ 5,363 (2011 £5,201), of which £ 2,594 (2011 £2,480) is still outstanding at the year end.

13 Subsequent events

The Directors are not aware of any subsequent events which require disclosure in the financial statements.