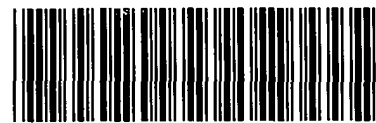


Scarlet P Limited

Report and Financial Statements
for the year ended 30 September 2014

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Scarlet P Limited

Company Information

Directors	G Watkin Jones M Watkin Jones P M Byrom
Company secretary	P M Byrom
Company number	07268296
Registered office	c/o Watkin Jones & Son Limited Units 21-22 Llandygai Industrial Estate Bangor Gwynedd LL57 4YH
Auditors	Ernst & Young LLP 100 Barbirolli Square Manchester M2 3EY

Scarlet P Limited

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Scarlet P Limited

Directors' report for the year ended 30 September 2014

The directors present their report and the financial statements for the year to 30 September 2014.

Principal activities and review of business

The principal activity of the company is that of the letting of student accommodation.

During the year the company continued the letting of a student accommodation property in Glasgow.

On 1 September 2014, existing arrangements to let the property via a lease to a related party, Fresh Student Living Limited, were terminated. From that date the company lets to students directly, with Fresh Student Living Limited providing letting and property management services under a management agreement.

The company operates the property under a lease agreement from the ultimate landlord which expires in September 2026. The directors have considered the rent obligations under the lease as compared to the expected net income from the operation of the property and have deemed it necessary to make a provision of £554,100.

Results and dividends

The loss for the year, after taxation, amounted to £554,100 (2013 – £21).

The directors do not recommend a dividend for the year (2013 – £Nil).

Directors

The directors who served during the year were:

G Watkin Jones
M Watkin Jones
P M Byrom

Future developments

The company intends to continue with its letting arrangements in respect of the property in the coming year.

Principal risks and uncertainties

The principal risks and uncertainties of the company relate to the underlying strength of the student rental market in Glasgow.

Going concern

The financial statements have been prepared under the principles of going concern. The directors consider the continuing support confirmed by the company's immediate parent undertaking, Watkins Jones & Son Limited, to be adequate for this basis to be used.

**Directors' report (continued)
for the year ended 30 September 2014**

Director's statement as to disclosure of information to auditors

Each of the persons who are directors at the time when this *Directors' report* is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Directors' qualifying third party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the companies Act 2006. Such a qualifying third party indemnity provision remains in force at the date of approving the directors' report.

Auditors

The auditors, Ernst & Young LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small company exemptions

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

This report was approved by the board on 30 January 2015 and signed on its behalf.



P M Byrom
Secretary

**Statement of directors' responsibilities
for the year ended 30 September 2014**

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 year. 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 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 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.

Independent auditors' report to the shareholders of Scarlet P Limited

We have audited the financial statements of Scarlet P Limited for the year ended 30 September 2014, 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 an Auditors' 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 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 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 Directors' 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 30 September 2014 and its loss 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 period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the shareholders of Scarlet P 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; or
- the directors were not entitled to take advantage of the small companies' exemption for the requirement to prepare a strategic report and take advantage of the small companies' exemption in preparing the directors' report.

Ernst & Young LLP

Victoria Venning (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor

Manchester

30 January 2015

Scarlet P Limited

**Profit and loss account
for the year ended 30 September 2014**

	<i>Note</i>	<i>2014</i> £	<i>2013</i> £
Turnover	1	2,154,019	2,113,563
Cost of sales		<u>(2,708,119)</u>	<u>(2,113,563)</u>
Gross loss		(554,100)	-
Administration expenses		<u>-</u>	<u>(21)</u>
Loss on ordinary activities before taxation	3	(554,100)	(21)
Tax on loss on ordinary activities	4	<u>-</u>	<u>-</u>
Loss for the financial year	9	<u>(554,100)</u>	<u>(21)</u>

All amounts relate to continuing operations.

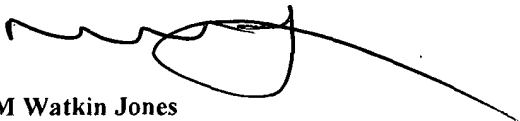
There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and loss account.

The notes on pages 8 to 12 form part of these financial statements.

Balance sheet
as at 30 September 2014

	Note	£	2014 £	£	2013 £
Current assets					
Debtors	5	<u>902,992</u>		<u>166,373</u>	
		902,992		166,373	
Creditors: amounts falling due within one year	6	<u>(903,059)</u>		<u>(166,440)</u>	
Net current liabilities			<u>(67)</u>		<u>(67)</u>
Total assets less current liabilities			<u>(67)</u>		<u>(67)</u>
Provisions for liabilities and charges	7		<u>(554,100)</u>		<u>-</u>
Net liabilities			<u>(554,167)</u>		<u>(67)</u>
Capital and reserves					
Called up share capital	8		1		1
Profit and loss account	9		<u>(544,168)</u>		<u>(68)</u>
Shareholders' deficit	10		<u>(544,167)</u>		<u>(67)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 January 2015.


M Watkin Jones
Director

**Notes to the financial statements
for the year ended 30 September 2014**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards and on a going concern basis.

1.2 Going concern

The financial statements have been prepared under the principle of going concern. The directors consider the continued support confirmed by the company's immediate parent undertaking to be adequate for this basis to be used.

1.3 Turnover

Turnover is the total amount receivable by the company in the ordinary course of business for goods supplied as a principal and for services provided, excluding VAT and trade discounts. Turnover is wholly attributable to the company's continuing activity in the United Kingdom.

1.4 Operating lease agreements

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

1.5 Provisions for liabilities

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. The company makes provision for future operating lease rental commitments relating to properties where it is probable that those commitments cannot be fully met from the economic benefits derived from the operation of the properties concerned. Where the time value of money is considered to be material the provisions are discounted using a suitable discount rate to reflect the cost of capital to the company.

1.6 Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent publishes a consolidated cash flow statement.

1.7 Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be recovered (or paid) using tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Scarlet P Limited

**Notes to the financial statements
for the year ended 30 September 2014**

2. Directors emoluments and auditors remuneration

There have not been any directors' emoluments paid during the current or prior year. There were no employees of the company apart from the directors.

Auditors remuneration of £500 (2013: £500) has been borne by Watkin Jones & Son Limited.

3. Loss on ordinary activities before taxation

This is stated after charging:

	2014 £	2013 £
Operating lease rentals	<u>2,156,457</u>	<u>2,113,563</u>

4. Taxation

	2014 £	2013 £
UK corporation tax charge on loss for the year	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2013 – higher than) the standard rate of corporation tax in the UK of 22% (2013 – 23.5%). The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	<u>(554,100)</u>	<u>(21)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 22% (2013 – 23.5%)	(121,902)	(5)

Effects of:

Group relief surrendered for nil consideration	<u>121,902</u>	<u>5</u>
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

Scarlet P Limited

**Notes to the financial statements
for the year ended 30 September 2014**

5. Debtors

	2014 £	2013 £
Amounts owed by immediate parent company	180,849	-
Amounts owed by related party (note 12)	508,461	-
Trade debtors	4,178	-
Prepayments	209,503	166,372
Called up share capital not paid	<u>1</u>	<u>1</u>
	<u>902,992</u>	<u>166,373</u>

**6. Creditors:
Amounts falling due within one year**

	2014 £	2013 £
Amounts owed to immediate parent company	-	67
Trade creditors	694	-
Accruals and deferred income	<u>902,365</u>	<u>166,373</u>
	<u>903,059</u>	<u>166,440</u>

7. Provision for liabilities and charges

	<i>Provision for property lease commitment</i> £
At 1 October 2013	-
Charge for the year	554,100
	<u>554,100</u>
At 30 September 2014	<u>554,100</u>

A provision has been made for the company's operating lease commitment, relating to the student accommodation property in Glasgow, calculated by comparing the expected future rent liabilities for the remaining term of the lease with the expected net income from the operation of the property, excluding future maintenance costs. The resultant expected net liability has been discounted at a rate of 7.5%, being the estimated cost of capital for the company, to take account of the time value of money.

Scarlet P Limited

**Notes to the financial statements
for the year ended 30 September 2014**

7. Provision for liabilities and charges (continued)

No provision was required at 30 September 2013 as the company had sub-let the property concerned to Fresh Student Living Limited, a related party, on equivalent terms so that all risks and rewards from the operation of the property were transferred to Fresh Student Living Limited. On 1 September 2014, the sub-lease to Fresh Student Living Limited was terminated and the risks and rewards of the operation of the property reverted to the company. From that date, Fresh Student Living Limited was engaged to provide letting and property management services under a management agreement.

8. Share capital

	2014 £	2013 £
<i>Allotted, called up and unpaid</i>		
1 Ordinary share of £1	1	1

9. Reserves

	<i>Profit and loss account £</i>
At 1 October 2013 – deficit	(68)
Loss for the year	(554,100)
	<hr/>
At 30 September 2014 - deficit	(554,168)

10. Reconciliation of movement in shareholders' deficit

	2014 £	2013 £
Opening shareholders' deficit	(67)	(46)
Loss for the year	(554,100)	(21)
	<hr/>	<hr/>
Closing shareholders' deficit	(554,167)	(67)

Scarlet P Limited

**Notes to the financial statements
for the year ended 30 September 2014**

11. Commitments under operating leases

The current annual commitment under the non-cancellable operating lease of the student accommodation property in Glasgow, which the company operates, is as follows:

	2014 £	2013 £
Operating leases which expire:		
After five years	2,247,000	2,167,000
	<u>2,247,000</u>	<u>2,167,000</u>

The rent payable is subject to a minimum rent increase of 3.5% per annum on the first five annual rent review dates following the commencement of the lease and thereafter to a minimum rent increase of 2.0% per annum. The rent payable is subject to a maximum rent increase of 5% per annum. The lease has a term of 15 years from 7 September 2011.

12. Related party transactions

During the year, the company received operating lease rental income from Fresh Student Living Limited amounting to £1,975,540 (2013 - £2,113,563). As referred to in note 7, the company had previously sub-let the Glasgow student accommodation property to Fresh Student Living Limited. From 1 September 2014 this lease arrangement was terminated and Fresh Student Living Limited was engaged to provide letting and property management services under a management agreement. At 30 September 2014 £508,461 (2013: £Nil) was owed to the company by Fresh Student Living Limited in respect of rent payments received from students and held by Fresh Student Living Limited in a client bank account on behalf of the company. For the period from 1 September 2014 the company paid management fees to Fresh Student Living Limited of £18,816 (2013: £Nil). Fresh Student Living Limited is controlled by the shareholders in the company's ultimate parent company.

13. Ultimate parent undertaking and controlling party

The company's immediate parent company is Watkin Jones & Son Limited, which as at 30 September 2014, held 100% of the issued share capital of Scarlet P Limited. Watkin Jones & Son Limited has confirmed its willingness to provide such financial support as is necessary, for a period of not less than 12 months from the date of approval of these accounts, to enable the company to meet its liabilities as they fall due.

The ultimate parent company is Watkin Jones Group Limited. The smallest and largest group of undertakings in which the company is consolidated is Watkin Jones Group Limited. Copies of its group accounts, which include the company, are available from its registered office: Units 21-22, Llandygai Industrial Estate, Bangor, Gwynedd, LL57 4YH.

Advantage has been taken of the exemption provided by FRS 8.3c 'Related Party Transactions' and transactions with other group undertakings have not been disclosed in the accounts.