

Financial Statements

Rockbridge Development Limited

For the year ended 31 December 2016

Company number: 08075592



Rockbridge Development Limited

Financial Statements

For the year ended 31 December 2016

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Company Information

Company registration number	08075592
Directors	Jeremy Fletcher Jeremy Mercer
Registered Office	7 Clifford Street London W1S 2FT
Secretary	Jeremy Mercer

Rockbridge Development Limited

Directors' Report

For the year ended 31 December 2016

The directors present their report and financial statements for year ended 31 December 2016.

Results

The profit and loss account is set out on page 8 and shows the profit for the period.

Principal activity

Rockbridge Development Limited (the "Company") was incorporated on 18 May 2012. The principal activity of the Company is that of provision of property development and management services. On 15 June 2012, the Company was appointed by Keytone Investments Limited, a company incorporated and domiciled in Jersey, to be its sole provider of development management services in respect to its real estate project located at Victoria Road, North Acton. On 4 July 2014, the Company entered into a Development Loan Agreement with M&G RPF Limited Partnership. Under the terms of the agreement, the Company has agreed to carry out and complete the Development of a mixed used residential led scheme initially as a sub-contractor of Keytone and thereafter as the developer appointed by M&G RPF Limited Partnership.

The Company expects to reach Practical Completion on its sole development at Victoria Road, North Acton, in May 2017. Following the conclusion of the intended development by the Company and as originally planned, the directors intend to carry out an orderly wind down of the Company's activities and enter into a voluntary liquidation once the Company's activities have ceased, all liabilities have been settled and the original capital and profits distributed. The directors anticipate that this process will start in the second half of 2017. Accordingly, the accounts have not been prepared on a going concern basis. The effect of this is explained in note 1.

Directors

The directors who served the Company during the year were as follows:

Jeremy Fletcher

Nathan Burke (resigned on 20 September 2016)

Jeremy Mercer

Directors' responsibilities

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 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; and

Rockbridge Development Limited

Directors' Report (continued)

For the year ended 31 December 2016

Directors' responsibilities (continued)

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in note 1 to the financial statements, the directors do not believe the going concern basis to be appropriate and, in consequence, these financial statements have not been prepared on that basis.

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.

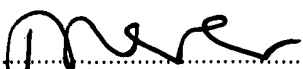
Auditors

The directors have taken steps to make themselves aware of any relevant audit information and to ensure that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the company's auditor is unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Registered office:
7 Clifford Street
London
W1S 2FT

Signed on behalf of the directors


.....
Jeremy Mercer
Director

Approved by the directors on  27 April 2017

Rockbridge Development Limited

Strategic Report

For the year ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

Fair review of the business

The results for the year which are set out in the statement of comprehensive income and show turnover of £20,427,738 (2015: £9,428,783) and an operating profit of £1,428,240 (2015: £355,102). The directors consider the performance for the year and the financial position at 31 December 2016 to be satisfactory and in line with expectations.

The directors use indicators to monitor and improve development, performance and position of the business. Indicators are reviewed and altered to meet changes in both external and internal environments. The directors do not consider the inclusion of an analysis using key performance indicators to be necessary to assist users of the financial statements in their understanding of the financial performance or position of the Company.

Principal risks and uncertainties

The Company's main and sole purpose is to provide development services in relation to a residential led project located at Victoria Road, North Acton. The company entered into a £34.1m development loan agreement with Keytone Investments Limited and M&G RPF Limited Partnership. Under the terms of the agreement, any cost overruns in relation to the development will be funded by M&G and will be deducted from the deferred consideration due on practical completion. The deferred consideration amounts to £3,136k and is due to Keytone Investments Limited. As long as the cost overruns are lower than £3,136k, the Company's profit will not be adversely affected.

Price risk, credit risk, liquidity risk and cash flow risk

The Company's principal financial instruments comprise bank balances, trade debtors, trade creditors and the loan provided by M&G. The main purpose of these instruments is to finance the Company's operations.

The Company agreed a fixed price contract to provide development services to M&G RPF Limited Partnership, which included a profit margin in line with market practices. The Company also agreed that any cost overruns arising as a result of the development would be covered by Keytone Investments Limited.

In respect of bank balances, the liquidity risk is managed by maintaining a minimum balance between the continuity of funding provided by M&G.

At Practical Completion, the loan provided by M&G will be offset against the development services fees. The amount showed in the statement of financial position is primarily related to services provided to M&G.

Trade creditors' liquidity risk is managed by ensuring that sufficient funds are available to meet liabilities as they fall due. Loans comprise funds provided by M&G in connection with the development of the project. The loan will be offset against the development services fees at Practical Completion.

The Company has sufficient financial resources available and completion of the development is expected on 2 May 2017. Following the successful and profitable conclusion of the project, so, as originally planned, the directors intend to carry out an orderly wind down to the Company's activities and enter into a voluntary liquidation once the Company's activities have cease, all liabilities have been settled and original capital and profits distributed. The directors anticipate that this process will start in the second half of 2017. Accordingly, the accounts have not been prepared on a going concern basis. The effect of this is explained in note 1.

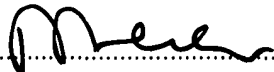
Rockbridge Development Limited

Strategic Report (continued)

For the year ended 31 December 2016

Registered office:
7 Clifford Street
London
W1S 2FT

Signed on behalf of the directors


.....
Jeremy Mercer
Director

Approved by the directors on ^{27th} ~~April~~ ^{April} 2017

Rockbridge Development Limited

Independent Auditor's Report to the Directors of Rockbridge Development Limited

For the year ended 31 December 2016

We have audited the financial statements of Rockbridge Development Limited for the year ended 31 December 2016 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flows and the related notes. 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 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 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the directors intention, within the next 12 months, to enter into a voluntary liquidation once the Company's activities have ceased, all liabilities have been settled and the original capital and profits distributed. Accordingly, the directors have prepared the financial statements on the basis that the company is no longer a going concern.

Rockbridge Development Limited

Independent Auditor's Report to the Directors of Rockbridge Development Limited (continued)

For the year ended 31 December 2016

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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.

BDO LLP

Thomas Edward Goodworth (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

Date *27/06/17*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Rockbridge Development Limited

Statement of Comprehensive Income

For the year ended 31 December 2016

	Notes	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Turnover		20,427,738	9,428,783
Cost of Sales		(18,988,379)	(9,066,137)
Gross profit		1,439,359	362,646
Administrative expenses	2	(11,119)	(7,544)
Operating profit		1,428,240	355,102
Finance expenses		(621,127)	(58,697)
Profit on ordinary activities before tax		807,113	296,405
Taxation on profit on ordinary activities	3	(161,468)	(59,281)
Profit on ordinary activities after taxation and comprehensive income for the year		645,645	237,124

All amounts relate to continuing activities.

The notes on pages 12 to 15 form part of these financial statements

Rockbridge Development Limited

Statement of Changes in Equity

For the year ended 31 December 2016

	Share Capital	Profit and Loss Account	Shareholders' Funds
	£	£	£
Balance as at 1 January 2015	1	146,194	146,195
Dividends paid	-	(270,569)	(270,569)
Profit for the year after taxation	-	237,124	237,124
Balance as at 31 December 2015	1	112,749	112,750
Balance as at 1 January 2016	1	112,749	112,750
Dividends paid	-	(563,459)	(563,459)
Profit for the year after taxation	-	645,645	645,645
Balance as at 31 December 2016	1	194,935	194,936

The notes on pages 12 to 15 form part of these financial statements

Rockbridge Development Limited

Statement of Financial Position

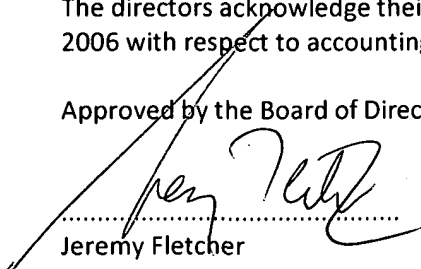
For the year ended 31 December 2016

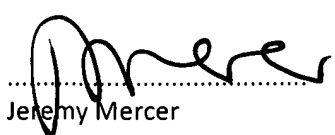
Company number: 08075592

	Notes	31 December 2016 £	31 December 2015 £
Current assets			
Debtors	4	27,964,728	7,683,325
Cash and cash equivalents		626,995	239,160
Total current assets		28,591,723	7,922,485
Creditors: amounts falling due within one year	5	2,934,993	1,710,327
Loans and borrowings	6	25,461,794	-
Net current assets		194,936	6,212,158
Creditors: amounts falling due after one year:			
Loans and borrowings	6	-	6,099,408
Net assets		194,936	112,750
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account		194,935	112,749
Shareholders' funds		194,936	112,750

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

Approved by the Board of Directors on 27th April 2017, and signed on its behalf by:


Jeremy Fletcher
Director


Jeremy Mercer
Director

The notes on pages 12 to 15 form part of these financial statements

Rockbridge Development Limited

Statement of Cash Flows

For the year ended 31 December 2016

	Year ended 31 December 2016 £	Year ended 31 December 2015 £
Cash flows from operating activities		
Profit for the year	645,645	237,124
Adjustments for:		
Taxation expense	161,468	59,281
Interest expense	621,127	58,697
Increase in trade and other receivables	(20,281,403)	(7,326,392)
Increase in trade and other payables	1,123,256	1,300,829
Cash from operations	(17,729,907)	(5,670,461)
Tax paid	(60,059)	(14,391)
Net cash flows from operating activities	(17,789,966)	(5,684,852)
Cash flows from financing activities		
Loans and borrowings	18,741,260	6,040,711
Dividends paid	(563,459)	(270,569)
Net cash flows from financing activities	18,177,801	5,770,142
Net increase in cash and cash equivalents	387,835	85,290
Cash and cash equivalents at beginning of the year	239,160	153,870
Cash and cash equivalents at end of the year	626,995	239,160

The notes on pages 12 to 15 form part of these financial statements

Rockbridge Development Limited

Notes to the Financial Statements

For the year ended 31 December 2016

1. Accounting policies

The financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Rockbridge Development Limited is incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the Company's operations and principal activities are set out in the strategic report.

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Accounting period

The financial statements include the Company's results for the year to 31 December 2016.

Going concern

The Company expects to reach Practical Completion on its sole development at Victoria Road, North Acton, in May 2017. Following the conclusion of the intended development by the Company and as originally planned, the directors intend to carry out an orderly wind down to the Company's activities and enter into a voluntary liquidation once the Company's activities have ceased, all liabilities have been settled and the original capital and profits distributed. The directors anticipate that this process will start in the second half of 2017. Accordingly, as required by FRS 102.3 and as permitted by S12008/420 Schedule 1 (10) (2), the directors have prepared the financial statements on the basis that the company is no longer a going concern. The directors have reviewed the Company's assets and consider the value of all of the assets disclosed in the financial statements to be at the lower of cost and net realizable value. The financial statements do not include any provision for costs relating to the potential liquidation as no firm decision had been made at 31 December 2016.

Turnover

Turnover, which excludes value added tax, comprises project management fees chargeable to clients. Turnover is recognized on an accrual basis.

Administration fees

Fees payable under administration and service agreements are charged to the profit and loss statements as they are incurred.

Taxation

The charge for taxation is based on the profit for the year and taking into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the Company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Rockbridge Development Limited

Notes to the Financial Statements

For the year ended 31 December 2016

1. Accounting policies (continued)

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Dividends

Equity dividends are recognised when legally payable. Interim dividends are recognised when paid. Final dividends are recognised when approved by the shareholders at an annual general meeting.

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Financial instruments

All of the Company's financial instruments are measured at amortised cost.

Financial assets measured at amortised cost comprise cash, amounts recoverable on contract and amounts due from group undertakings.

Financial liabilities measured at amortised cost comprise loans and borrowings, trade creditors and accruals. Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk and cash flow interest rate risk is included in the Directors' report.

2. Operating profit

This has been arrived at after charging:

	Year ended 31 December 2016	Year Ended 31 December 2015
	£	£
Fees payable to the company's auditor for:		
Taxation advising services	3,250	2,756
Audit of the company's annual accounts	3,195	3,050
Total	6,445	5,806

Rockbridge Development Limited

Notes to the Financial Statements

For the year ended 31 December 2016

3. Taxation on profit ordinary activities

	Year ended 31 December 2016	Year ended 31 December 2015
	£	£
UK corporation tax on profit for the year at 20%	<u>161,468</u>	<u>59,281</u>

4. Debtors

	31 December 2016	31 December 2015
	£	£
Taxation and social security	111,716	76,932
Amounts recoverable on contract	27,846,456	7,605,774
Amounts due from group undertakings	6,556	619
	<u>27,964,728</u>	<u>7,683,325</u>

All amounts shown under debtors fall due for payment within one year.

5. Creditors: amounts falling due within one year

	31 December 2016	31 December 2015
	£	£
Trade creditors	2,768,589	1,645,834
Corporation tax	160,104	58,693
Accruals	6,300	5,800
	<u>2,934,993</u>	<u>1,710,327</u>

Rockbridge Development Limited

Notes to the Financial Statements

For the year ended 31 December 2016

6. Loans and borrowings

31 December 2016	31 December 2015
£	£
<u>25,461,794</u>	<u>6,099,408</u>

The loan is provided by M&G RPF Limited Partnership and will be offset against the development services provided by the Company in connection with the development.

7. Share capital

	31 December 2016		31 December 2015	
	Number	£	Number	£
Allotted, called up and unpaid share capital	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

8. Related party transactions

The immediate parent entity is Rockbridge Limited Partnership, a Partnership registered in Jersey. Keytone Investments Limited is also a wholly owned subsidiary of Rockbridge Limited Partnership. During the year, the Company charged fees totaling £139,264 (2015: £1,846,974) to Keytone Investments Limited. As at 31 December 2016, £6,556 remained outstanding (2015: £1,659).

9. Dividends

	Year ended 31 December 2016	Year ended 31 December 2015
	£	£
Dividends paid	<u>563,459</u>	<u>270,569</u>

During the year, the Company distributed £563,459 per share (2015 - £270,569).

Rockbridge Development Limited

Management Information

For the year ended 31 December 2016

The following page does not form part of the statutory financial statements which are the subjects of the independent Auditor's report on pages 6 and 7.

Rockbridge Development Limited

Detailed Profit and Loss

For the year ended 31 December 2016

	Year ended 31 December 2016	Year ended 31 December 2015
	£	£
Turnover	20,427,738	9,428,783
Cost of sales	(18,988,379)	(9,066,137)
Gross profit	1,439,359	362,646
Administrative expenses	(11,119)	(7,544)
Auditor's remuneration (BDO)	(3,195)	(3,050)
Legal fees	(1,859)	-
Tax advice (BDO)	(3,250)	(2,756)
Bank charges	(2,815)	(1,738)
Operating profit	1,428,240	355,102
Finance income/(expenses)	(621,127)	(58,697)
Profit on ordinary activities before tax	807,113	296,405
Taxation on profit on ordinary activities	(161,468)	(59,281)
Profit on ordinary activities after taxation	645,645	237,124