

Stena Red Lion Limited

Directors' Report and Financial Statements

Registered number 8586357

For the year ended 31 December 2013

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DIRECTORS' REPORT

The Directors present the Directors' report and the financial statements of Stena Red Lion Limited ("the Company") for the period ended 31 December 2013.

Principal activity

The Company was incorporated on 26 June 2013.

The principal activity of the Company is to receive rental income from its investment properties.

Business review

The purchase was financed by a £15.4 million intercompany loan from Stena Realty BV

The average occupancy rate for 2013 was 100.0%.

The Company made a profit after taxation of £ 130,120.

In August 2013, the Company purchased an office situated at 20 Red Lion Street – London. On February 2015 the Company completed the sale of its property on 20 Red Lion Street – London for an amount of £18.9 million to a third party. Using the money received from this sale the Company repaid its loan for an amount of £8.8 million in February 2015. As of the signing date of this Financial Statement the Company is looking into new investment opportunities.

Share Capital

On 26 June 2013, the Company issued 100 shares of £1 each. The shares were issued to Stena UK Property Investment B.V., the immediate parent undertaking of the Company.

Financial Risks

Stena Red Lion Limited is exposed to several risk factors such as; operational and financial risks. All of these risks are handled in accordance to established Company policies and monitored by the Board of Directors on a regular basis.

Credit risks:

Credit risk is the risk of financial loss to the entity if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, bank balances, derivatives, and investment securities. The management has established a credit policy under which each new customer is analysed individually for creditworthiness.

Interest rate risk:

The Company holds fixed assets in real estate dominated in GBP and as a consequence the debt portfolio and the accompanying interest rate risk is distributed in the same currency. In order to manage this risk and to achieve desired interest rate levels the Company's management makes regular assessments of the interest rate risks.

Liquidity risk:

The Company monitors its cash position by using detailed cash management process. The management ensures that the cash position is sufficient to meet the Company's financial obligations towards creditors and to stay within the limits of its loan covenants.

DIRECTORS' REPORT (continued)

Financial risks (continued)

Principle risks:

The Company invests in a real estate property. Devaluation of properties is considered a principal risk. The property is valued annually by a certified third party. Important subjects concerning property valuation are monitored closely by management.

Key performance indicators:

The Company's Directors believe that analysis using key performance indicators is not necessary for obtaining an understanding of the development, performance, and position of the business of the Company.

Directors

The Directors who held office during the period and at the date of this report were:

Ronald Robert M. Visscher
Jens Van der Maas

Statement of disclosure of information to Auditor

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 the 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.

Independent auditors

On 17 September 2013 PricewaterhouseCoopers LLP were appointed as auditors of the statutory financial statements of the Company for the period ended 31 December 2013.

Pursuant to section 487 of the Companies Act 2006, the auditors will be cleared to be reappointed and PricewaterhouseCoopers LLP will therefore remain in office.

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

By order of the board

R.R.M. Visscher
Director

45 Albemarle Street
W1S 4JL London
5 March 2015

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 and applicable law (UK Generally Accepted Accounting Practice).

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 those financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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 assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Stena Red Lion Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the six month period (the 'period') 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Stena Red Lion Limited, comprise:

- the Balance sheet as at 31 December 2013;
- the Profit and loss account for the period then ended;
- the Statement of total recognised gains and losses, for the period then ended;
- the Reconciliation of movements in shareholders' funds for the period then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Director's 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 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 members of Stena Holland House Limited (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you, if in our opinion, the Directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Nicholas Smith (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

5 March 2015

PROFIT AND LOSS ACCOUNT
for the period ended 31 December 2013

	Note	26 Jun 13 to 31 Dec 13 £000
Turnover	2	345
Operating expenses		(32)
Administrative expenses		<u>(7)</u>
		(39)
Operating profit		306
Interest payable and similar charges	5	<u>(134)</u>
Profit on ordinary activities before taxation		172
Tax charge on profit on ordinary activities	7	<u>(42)</u>
Profit for the period		<u>130</u>

The results stated above are all derived from continuing operations.

The notes on pages 12 to 19 form an integral part of these financial statements.

BALANCE SHEET
at 31 December 2013

	Note	26 Jun 13 to 31 Dec 13 £000
Fixed Assets		
Investment Property	6	<u>14,700</u>
		14,700
Current assets		
Debtors	8	287
Cash at bank and in hand		<u>494</u>
		781
Creditors: Amounts falling due within one year	9	<u>(16,119)</u>
Net current liabilities		<u>(15,338)</u>
Total assets less current liabilities		<u>(638)</u>
Deferred tax liability	10	<u>(3)</u>
Net liabilities		<u>(641)</u>
Capital and reserves		
Called up share capital	11	0
Profit and loss account	12	130
Revaluation reserve	13	<u>(771)</u>
Equity shareholders' funds		<u>(641)</u>

The notes on pages 12 to 19 form an integral part of these financial statements.

These financial statements were approved by the Board of Directors and signed on its behalf by:

R.R.M. Visscher
Director

Stena Red Lion Ltd.

Registered Company No: 01632322
5 March 2015

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the period ended 31 December 2013

	26 Jun 13 to 31 Dec 13 £000
Profit for the financial period	130
Unrealised loss on revaluation of properties	(771)
	<hr/>
Total recognised gains and losses relating to the financial period	(641)
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The notes on pages 12 to 19 form an integral part of these financial statements.

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
for the period ended 31 December 2013

	26 Jun 13 to 31 Dec 13 £000
Opening equity shareholders' funds	-
Shares issued during the period	-
Profit for the financial period	130
Unrealised gain on revaluation of properties	<u>(771)</u>
Closing equity shareholders' funds	<u>(641)</u>

The notes on pages 12 to 19 form an integral part of these financial statements.

NOTES

(forming part of the financial statements)

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and with applicable UK accounting standards and under the historical cost accounting rules, modified to include the revaluation of investment properties. As is more fully explained in the accounting policy for investment properties, the true and fair override provisions of the Companies Act 2006 have been invoked.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking and the intermediate parent undertaking is established under the law of a member state of the European Union.

The Company is an investment company. The Company's financing transactions are largely GB Pounds denominated. Since this is the operational currency, the accounts have been prepared in GB Pounds.

Going concern

The Company is in a net liability position as at 31 December 2013. During 2014 the Company has entered into an external property loan of £8.8 million. This loan has partly been used to repay the intercompany loan.

On February 2015 the Company completed the sale of its property on 20 Red Lion Street – London for £18.9 million. Using the money received from this sale the Company repaid its loans. As of the signing date of this Financial Statement the Company is looking into new investment opportunities.

As a result the Directors consider it is appropriate to prepare the financial statements on the going concern basis.

Investment property

In accordance with Statement of Standard Accounting Practice No 19:

Investment properties are revalued annually at open market values. Surpluses and deficits arising and the aggregate surplus or deficit is transferred to the revaluation reserve except that any permanent diminution in value of an investment property is taken to the profit and loss account for the year. No depreciation is provided in respect of investment properties. Additions to properties include costs of a capital nature only. All other property expenditure is written off in the Profit and Loss Account for the year. No finance costs are capitalized.

This treatment may be a departure from the requirements of the Companies Act 2006 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Directors consider that systematic depreciation would be inappropriate. The accounting policy adopted is, therefore, necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Lease incentives are recognized over the shorter period of the lease term or until the first rent review.

Turnover

Turnover represents the amount derived from property rental, accruing on a daily basis. The Company does not currently receive any service charge.

Foreign exchange

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

NOTES (continued)

1 ACCOUNTING POLICIES (continued)

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Except as otherwise required by accounting standards, full provision without discounting is made for all timing differences which have arisen but were not reversed by the balance sheet date. Timing differences arise when items of income and expenditure are included in tax computations in periods different from their inclusion in the financial statements.

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorized and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Interest bearing borrowings

Immediately after issue debt is stated at the fair value of the consideration received on the issue of the capital instrument after deduction of issue costs. The finance cost of the debt is allocated to periods over the term of the debt at a constant rate on the carrying amount.

Derivatives

Derivatives are contracted for hedging purposes only. Interest rate derivatives are used to manage interest rate risk. Amounts payable and receivable in respect of these derivatives are recognised as adjustments to interest income or payable over the period of the contracts.

Borrowing costs

Under Financial Reporting Standard (FRS) 4 'Capital Investments', issue costs arising on loans are deducted from the net proceeds of that loan. This results in the cost being charged to the profit and loss account as a finance cost over the period of the loan.

NOTES (continued)

2 TURNOVER

All turnover arises in the United Kingdom.

	26 Jun 13 to 31 Dec 13 £000
Rental income	<u>345</u>

3 AUDITORS' REMUNERATION

	26 Jun 13 to 31 Dec 13 £000
Fee payable to the Company's auditors for the audit of the Company's financial statements	<u>7</u>

4 STAFF NUMBERS AND COST

The number of persons employed by the company (excluding directors) was nil. The Directors received no remuneration in respect of their services to the Company during the period.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	26 Jun 13 to 31 Dec 13 £000
Bank interest and other charges	-
Interest payable to group undertakings	<u>134</u>
	<u>134</u>

NOTES (continued)

6 FIXED ASSETS

	Investment Property 26 Jun 13 to 31 Dec 13 £000
<i>Valuation</i>	
At the beginning of the period	-
Additions	15,471
Disposals	-
Revaluations	(771)
Impairment	-
At end of the period	<u>14,700</u>

In August 2013, the Company purchased an office situated at Red Lion Street, London for £14.7 million. Additions of £0.9 million were capitalised during the year. The property was valued at £14.7 million by the Directors based on the purchase price mentioned in the sale and purchase of property agreement dated 28 August 2013. The decrease in value of £0.8 million was taken to reserves.

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	26 Jun 13 to 31 Dec 13 £000
(i) Analysis of tax charge/(credit)	
Current taxation:	
- Group relief (receivable)/payable at 23.25%	<u>39</u>
Current taxation	<u>39</u>
Deferred taxation	
- Current year	<u>3</u>
Deferred taxation	<u>3</u>
Tax charge on profit on ordinary activities	<u>42</u>

NOTES (continued)

7 TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(ii) Factors affecting the current tax charges

The current tax charge for the period is less than the standard rate of corporation tax in the UK of 23.25%. The differences are explained below.

	26 Jun 13 to 31 Dec 13 £000
Profit on ordinary activities before tax	<u>172</u>
Profit on ordinary activities at the standard rate of UK tax of 23.25%	40
Effect of:	2
Expenses not deductible for tax purposes	
Capital allowance in excess of depreciation	<u>(3)</u>
Current taxation relating to the period	<u>39</u>

(iii) Factors affecting the future tax charges

During the period, as a result of the reduction in the UK main corporation tax rate to 23%, that was substantively enacted on 3 July 2012 and effective from 1 April 2013 and further reductions to 21% from 1 April 2014 and 20% from 1 April 2015 that was substantively enacted on 2 July 2013. The relevant deferred tax balances have been re-measured. No further changes have been announced by the Government.

8 DEBTORS

	31 Dec 13 £000
Amounts falling due within one year	
Other debtors	286
Prepayments and accrued income	<u>1</u>
	<u>287</u>

NOTES (continued)

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 Dec 13 £000
Amounts owed to group undertakings	15,573
Other payables	234
Accruals and deferred income	312
	<u>16,119</u>

Amounts owed to group undertakings are unsecured, with an interest rate GBP Libor 1 month + 200 bps margin and with repayment date on the date of entering an external property finance loan.

10 DEFERRED TAX LIABILITY

	26 Jun 13 to 31 Dec 13 £000
At the beginning of the period	-
Utilised during period	-
Charge/credit to the profit and loss for the period	3
	<u>3</u>
At the end of the year	<u>3</u>

The amounts provided for deferred taxation in respect of timing differences are analysed below. All timing differences have been provided for or recognized.

	31 Dec 13 £000
Difference between accumulated depreciation and amortisation and capital allowances	3
	<u>3</u>
Deferred tax liability	<u>3</u>

11 CALLED UP SHARE CAPITAL

	31 Dec 13 £000
100 ordinary shares of £1 each	
Authorised, allotted, called up and fully paid	<u>100</u>

On 26 June 2013, the Company issued 100 shares of £1 each. The shares were issued to Stena UK Property Investment B.V., the immediate parent undertaking of the Company.

NOTES (continued)

12 RESERVES

**Profit and loss
 account
 26 Jun 13 to
 31 Dec 13**

	£000
At beginning of the period	-
Profit for the period	130
	<hr/>
At end of period	130
	<hr/>

The Company did not pay any dividends during the period.

13 REVALUATION RESERVE

**26 Jun 13 to
 31 Dec 13
 £000**

At beginning of period	-
Revaluation Property Red Lion Street	(771)
	<hr/>
At end of period	(771)
	<hr/>

14 RELATED PARTY TRANSACTIONS

Under Financial Reporting Standard 8: Related Party Transactions, the Company is exempt from the requirement to disclose related party transactions with other group undertakings as it is a wholly owned subsidiary of a parent undertaking which prepares and publishes consolidated financial statements.

There are no further related party transactions, which, in the opinion of the Directors, require disclosure in these financial statements.

NOTES (continued)

15 ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF SMALLEST GROUP OF WHICH THE COMPANY IS A MEMBER

The Company is incorporated in Great Britain and registered in England and Wales. The ultimate parent company is Stena AB (publ.), a company incorporated in Sweden.

The largest group in which the results of the Company are consolidated is that headed by Stena AB (publ.). The consolidated financial statements of Stena AB (publ.) are available at Masthuggskajen, 405 19 Gothenburg, Sweden.

The smallest group in which the results of the Company are consolidated is Stena Realty B.V. The consolidated financial statements of Stena Realty B.V are available at Burgemeester Haspelslaan 61 – 1181 NB Amstelveen – Holland.

The immediate parent undertaking is Stena UK Property Investment BV in The Netherlands.

16 OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES.

There are no off-balance sheet commitments or contingent liabilities other than disclosed in these financial statements.

17 POST BALANCE SHEET EVENTS

In April 2014 the Company has issued (to the immediate parent undertaking is Stena UK Property Investment BV in The Netherlands) 2,500,000 ordinary shares of £1.00 each in the capital of the Company. In June 2014 the Company entered into a loan agreement, for a total amount of £ 8.8 million and a five years loan commitment, with an external financial institution. Furthermore the Company entered into a subordinated loan facility agreement, with Stena Realty B.V. the Netherlands, for total amount of £ 4.0 million for a period of five years. Using the money received from the above transactions the Company repaid its amounts due to group undertakings for an amount of £15.3 million.

On February 2015 the Company completed the sale of its property on 20 Red Lion Street – London for an amount of £18.9 million to a third party. Using the money received from this sale the Company repaid its loan for an amount of £8.8 million in February 2015. As of the signing date of this Financial Statement the Company is looking into new investment opportunities.