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1 Chester Gate Limited

Annual Report and Financial Statements

Year Ended

31 March 2017

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1 Chester Gate Limited

Company Information

Directors	CPCCD Limited C G Whitehouse J G Wilson R P Share B G A David (appointed 10 August 2016)
Company secretary	Cosign Limited
Registered number	58963 (Guernsey)
Registered office	P O Box 119 Martello Court Admiral Park St. Peter Port Guernsey GY1 3HB
Independent auditor	BDO Limited PO Box 180 Place du Pre Rue du Pre St Peter Port Guernsey GY1 3LL

1 Chester Gate Limited

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1 Chester Gate Limited

Directors' Report For the Year Ended 31 March 2017

The directors present their report and the audited financial statements for the year ended 31 March 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and generally accepted accounting practice.

Company law in Guernsey requires the directors to prepare financial statements for each financial year which 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 for the company's financial statements and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent; 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 to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. 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.

Principal activity

The principal activity of the company is that of property trading and development.

Dividends paid

There were no dividends paid in the year under review (2016: £nil).

Results

The Statement of Income and Retained Earnings is set out on page 4.

Directors

The directors who served during the year were:

CPCCD Limited
C G Whitehouse
J G Wilson
R P Share
B G A David (appointed 10 August 2016)

Going concern

The directors have prepared the financial statements on a going concern basis. The directors consider this to be appropriate as they have received assurances from the company's parent company to the effect that the parent company will continue to make funds available to the company for the foreseeable future to enable the company to meet its obligations to other creditors as and when they fall due.

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Directors' Report (continued) For the Year Ended 31 March 2017

Disclosure of information to auditor

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Independent auditor

The auditor, BDO Limited, has expressed their willingness to continue in office.

This report was approved by the Board and signed on its behalf by:



CPCCD Limited
Director

Date: 14th August 2017

Independent Auditor's report to the Member of 1 Chester Gate Limited

We have audited the financial statements of 1 Chester Gate Limited for the year ended 31 March 2017 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes 1 to 10. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's member in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work is 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 the directors and auditor

As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, 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 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 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 misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

BDO LIMITED

BDO Limited
Chartered Accountants
Place du Pre
Rue du Pre
St Peter Port
Guernsey

Date: 14 August 2017

1 Chester Gate Limited

Statement of Income and Retained Earnings For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Administrative expenses		(11,570)	(3,365)
Operating loss		<u>(11,570)</u>	<u>(3,365)</u>
Interest payable	4	(99,039)	(110,268)
Loss before tax		<u>(110,609)</u>	<u>(113,633)</u>
Tax on loss	5	-	-
Loss after tax		<u><u>(110,609)</u></u>	<u><u>(113,633)</u></u>
Accumulated deficit at the beginning of the year		(306,353)	(192,720)
Loss for the year		(110,609)	(113,633)
Accumulated deficit at the end of the year		<u><u>(416,962)</u></u>	<u><u>(306,353)</u></u>

There were no recognised gains or losses for 2017 or 2016 other than those included above.

The notes on pages 6 to 9 form part of these financial statements.

1 Chester Gate Limited

Statement of Financial Position As at 31 March 2017

	Note	2017 £	2016 £
Current assets			
Development property	6	6,914,920	6,914,920
Debtors	7	20,771	19,243
		<u>6,935,691</u>	<u>6,934,163</u>
Creditors: amounts falling due within one year			
Creditors	8	(7,352,651)	(7,240,514)
Net assets		<u>(416,960)</u>	<u>(306,351)</u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account		(416,962)	(306,353)
Total equity		<u>(416,960)</u>	<u>(306,351)</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by.



CPCCD Limited
Director

Date: 14th April 2017

The notes on pages 6 to 9 form part of these financial statements.

1 Chester Gate Limited

Notes to the Financial Statements For the Year Ended 31 March 2017

1. General information

1 Chester Gate Limited is a private company, limited by shares and registered in Guernsey under the Companies (Guernsey) Law 2008. The address of the registered office is given on the Company Information page and its principal activity is property trading and development.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, *the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies (Guernsey) Law, 2008*.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The directors have prepared the financial statements on a going concern basis. The directors consider this to be appropriate as they have received assurances from the company's parent company to the effect that the parent company will continue to make funds available to the company for the foreseeable future to enable the company to meet its obligations to other creditors as and when they fall due.

2.3 Development property

Development property consists of property that is in the process of being developed or is available for sale. Development property is included at the lower of cost and the directors' estimate of its net realisable value. Net realisable value is determined as the estimated selling price less additional costs to completion and disposal.

Cost of development includes professional fees and for qualifying assets borrowing costs capitalised in accordance with the company's accounting policy described below.

2.4 Finance costs

Finance costs that are directly attributable to the acquisition and development of property are capitalised as part of the cost of the asset until such time as the property is substantially ready for sale. Otherwise finance costs are charged to the Statement of Income and Retained Earnings over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are recognised as a reduction in the proceeds of the associated capital instrument.

2.5 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities including trade and other accounts receivable and payable and loans from related parties.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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Notes to the Financial Statements For the Year Ended 31 March 2017

2. Accounting policies (continued)

2.6 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

2.7 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Development property

The directors perform regular reviews of the company's development property for indications of impairment. The key judgements in these reviews were estimating the realisable value of the property, which is determined by forecast sales rates, expected sales prices and estimated costs to complete based on advice received by the directors. If the UK housing market were to change beyond management expectations in the future, in particular with regards to the assumptions around sales prices and estimated costs to complete, adjustments to the carrying value of development property may be required.

4. Interest payable

	2017 £	2016 £
On amount due to parent company	99,039	110,268

5. Taxation

The company is resident for tax purposes in the United Kingdom and is subject to corporation tax at the enacted rates.

	2017 £	2016 £
Current tax on loss for the year	-	-

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Notes to the Financial Statements For the Year Ended 31 March 2017

5. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax of 20% (2016: 20%). The differences are explained below.

	2017 £	2016 £
Loss on ordinary activities before tax	(110,609)	(113,633)
Loss on ordinary activities multiplied by standard rate of corporation tax of 20% (2016: 20%)	(22,122)	(22,727)
Effects of:		
Group relief surrendered	22,122	22,727
Total tax charge for the year	-	-

Factors that may affect future tax charges

In the Summer Budget 2015, the UK Government announced legislation setting the Corporation Tax main rate at 19% for the years starting 1 April 2017, 2018 and 2019 and at 18% for the year starting 1 April 2020. In the Budget 2016, the Government announced a further reduction to the Corporation Tax main rate (for all profits except ring-fenced profits) for the year starting 1 April 2020, setting the rate at 17%.

6. Development property

	2017 £	2016 £
Development in progress	6,914,920	6,914,920

Total interest and finance charges capitalised to development in progress at 31 March 2017 were £77,536 (2016: £77,536). The development property is subject to a legal charge as security for a bank loan granted to the ultimate controlling party (note 10).

7. Debtors

	2017 £	2016 £
Sundry debtors	20,771	19,243

1 Chester Gate Limited

Notes to the Financial Statements For the Year Ended 31 March 2017

8. Creditors

	2017 £	2016 £
Amounts due to group companies	7,352,651	7,236,678
Accruals	-	3,836
	<u>7,352,651</u>	<u>7,240,514</u>

The amounts due to group companies are unsecured and repayable on demand. Included within amounts due to the parent company is a balance of £4,186,000 (2016: £4,186,000) that bears interest at LIBOR plus 2.1% per annum. The remaining amounts due to group companies are currently interest free.

9. Share capital

	2017 £	2016 £
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

The shares of the company are provided as security by way of a security interest agreement for the bank loan granted to the ultimate controlling party (note 10).

10. Controlling party

The smallest group in which the results of the company are consolidated is headed by CPC Group Limited, a company registered in Guernsey which is the company's parent company and controlling party. The address of the registered office of CPC Group Limited is Martello Court, Admiral Park, St Peter Port, Guernsey, GY1 3HB.

The parent company is under the control of Mr. C P Candy, who is therefore considered by the directors to be the ultimate controlling party of the company.