

## **Regenco Properties LLP**

Report and Financial Statements

Year ended

31 December 2012

### **Amended Accounts**

Partnership Registration Number OC335901

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# **Regenco Properties LLP**

## **Report and financial statements for the year ended 31 December 2012**

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### **Limited Liability Partnership ("LLP") information**

#### **Designated member**

Regenco General Partner Limited (in its capacity as General Partner of URWI Limited Partnership)  
West Coast Capital (Retail Parks) Limited

#### **Registered office**

1 Park Row, Leeds LS1 5AB

#### **Partnership registration number**

OC335901

#### **Auditors**

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex RH6 0PA

# **Regenco Properties LLP**

## **Report of the members for the year ended 31 December 2012**

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The members present their report together with the audited financial statements for the year ended 31 December 2012

### **Results**

The profit and loss account is set out on page 6 and shows the loss for the year under review

### **The Limited Liability Partnership Agreements**

On 8 October 2009 the members entered into an LLP amendment agreement which sets out details of certain revised arrangements agreed to by the members. The provisions of the original LLP agreement dated 31 March 2008 remain in force in all other respects. These agreements are together referred to as, "The LLP Agreements"

### **Principal activities, business review and future developments**

The principal activity of the LLP is that of being the parent entity of a group of companies that undertake land and property investment and development activities in the United Kingdom

During the year, the group disposed of land interests at Truro for £2m to a former member. No profit or loss in the year was generated from this disposal

The development at Winchburgh has progressed well with a number of key events taking place as follows

- Following a group reorganisation, all significant land interest's in Winchburgh were transferred to a new subsidiary company, Regenco Trading Limited, a property development company,
- The s75 agreement with West Lothian Council was signed,
- The terms of contractual obligations with former and current land owners were varied, setting out phased payments to these parties over the remaining 14 years of the development,
- The group has secured contracts with two house builders for the development of the first residential phase comprising 182 new homes,
- The group has secured additional finance of £3m from its ultimate parent company to enable settlement of upfront educational contributions as required under the s75 planning consent

The Winchburgh Development represents one of the UK's single largest residential and mixed use developments with planning. The development area, located eight miles west of Edinburgh, includes plans for the construction of 3,500 new homes, five new schools, a town centre, town park, retail facilities and a commercial park, as well as associated infrastructure such as a new motorway junction and train station, including 'park and ride' facilities. Enabling work commenced in the second half of 2012 and the first residential properties are expected to be occupied in the Summer of 2013

At 31 December 2012, the Winchburgh Development (land held for development and work-in-progress) is held at a carrying value in the balance sheet of £112.8m which is its historical cost to the company. This follows a review of the overall project by the directors. The review concluded that the outcome of this long-term project cannot be assessed with reasonable certainty and therefore no profit or loss has been reflected. The review involved the use of material accounting estimates. The accounting estimates related to medium to long term sales inflation and build inflation, future development costs and future income generation expectations, each of which carry a degree of uncertainty which could materially impact the overall outcome of whether the development achieves a profit or makes a loss. These uncertainties will continue to be monitored on a regular basis and should revised estimates suggest that the development has a reasonable certainty of making a profit, an apportionment of this profit will be recognised at such time this is considered appropriate

Since the year end, the group is in advanced discussions with three additional house builders to dispose of land for residential development at Winchburgh

Having taken into account the above factors, to the extent they affect the group, the designated members were satisfied with the performance of the group and LLP during the year under review

# Regenco Properties LLP

## Report of the members for the year ended 31 December 2012 (*continued*)

### Principal risks and uncertainties

The group's activities are subject to a number of risks which are continually assessed in order that they are minimised and mitigated. The primary risks facing the group are

*Macroeconomic environment* – land sales are dependent on house builder demand which is directly linked to general housing demand and mortgage availability. The company regularly monitors the level of income achieved on land sales and other statistical market data to assess the impact on cash flow projections.

*Liquidity risks* – securing of cash reserves or necessary finance to enable the servicing of liabilities as they fall due. The group's working capital management includes monthly cash flow forecasting, however, should the timing of cash receipts result in insufficient working capital, an intermediate parent undertaking has agreed to provide financial support for the foreseeable future.

*Planning and environmental regulations* – Outline planning consent requires negotiation and development to result in financially viable planning permissions. The company has engaged specialist project managers, town planning and engineering consultants to maintain constructive discussions with planning officials and to adhere to planning permissions and legislation.

### Financial instruments and risk management

The group holds or issues financial instruments to finance its operations. Working capital requirements are met out of group cash reserves and loan notes issued to providers of finance. In addition, various financial instruments such as trade debtors, contractual obligations and trade creditors arise directly from the group's operations. The group does not enter into any hedging arrangements.

The group is exposed to credit risk from credit sales. It is group policy to assess the credit risk of new customers and to factor the information from these credit ratings into future dealings with the customers. At the balance sheet date the concentration of credit risk lies with balances due from house builders. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The group is exposed to price risk from the contractual obligations for which payments are indexed linked to the UK All Items Index of Consumer Prices (CPI) and from the valuation of land and work in progress which utilises housing sales and build inflation when forecasting development profitability.

The designated members monitor the liquidity and cash flow risk of the group on a regular basis taking account of fluctuations in the CPI.

### Designated members and other members

The following were designated members (as defined in the Limited Liability Partnerships Act 2000) during the year

Regenco General Partner Limited  
{in its capacity as General Partner of URWI Limited Partnership}  
LXB<sup>3</sup> Partners LLP  
West Coast Capital (Retail Parks) Limited

(Resigned 8 August 2012)  
(Appointed 5 December 2012)

The following entity was an "Other member" of the LLP in the year

Uberior Ventures Limited

(Resigned 12 November 2012)

The policies for members' remuneration & profit shares, subscription for and repayment of members' capital and drawings in respect of the year under review are set out in the LLP Agreements. Certain details are summarised below.

# Regenco Properties LLP

## Report of the members for the year ended 31 December 2012 (*continued*)

### *Members' Capital and Members' Loans*

Initial contributions of Membership Capital and Members Loans were made in accordance with the original LLP Agreement

With effect from 8 October 2009 no member is obliged to make any further members loans to the LLP

No interest is paid on or in respect of any Membership Capital and no Member is entitled to reduce their Membership Capital other than on the dissolution of the LLP

No member may resign from the LLP without the prior written agreement of the other members

### *Members' profit shares*

Members are remunerated solely out of the capital profits of the LLP except on an exit event when capital profits and net income are distributed

The LLP Agreements detail how the profits and losses of the LLP are to be allocated between the members

### **Members' responsibilities**

The members are responsible for preparing the members' report and the financial statements in accordance with applicable law and regulation

The Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare the group and limited liability partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under these regulations the members 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 group and the limited liability partnership and of the profit or loss of the group for that period.

In preparing these financial statements, the members are required to

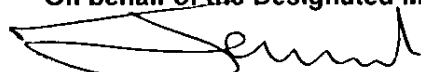
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the limited liability partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions, disclose with reasonable accuracy at any time the financial position of the limited liability partnership, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

BDO LLP have expressed their willingness to continue in office

**On behalf of the Designated Member**



**J C McMahon**  
Director of Regenco General Partner Limited  
Date 20 September 2013

# **Regenco Properties LLP**

## **Independent auditor's report**

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### **TO THE MEMBERS OF REGENCO PROPERTIES LLP**

We have audited the financial statements of Regenco Properties LLP for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated and partnership balance sheet, the consolidated cash flow statement 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 limited liability partnership's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership'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 limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of members and auditors**

As explained more fully in the statement of members' responsibilities, the members 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 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 Financial Reporting Council's website at [www.frc.org.uk/apb/auditscopeukprivate](http://www.frc.org.uk/apb/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion, the financial statements

- give a true and fair view of the state of the group's and the limited liability partnership's affairs as at 31 December 2012 and of the group's 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

### **Opinion on other matters**

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

# Regenco Properties LLP


## Independent auditor's report (*continued*)

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### 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 as applied to limited liability partnerships requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us, or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit
- the members were not entitled to prepare the financial statements in accordance with the small limited liability partnership's regime



Russell Field (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Gatwick  
United Kingdom

Date 20 September 2013

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

# Regenco Properties LLP

## Consolidated profit and loss account for the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	10,202,401	171,435
Cost of sales		(10,082,392)	(24,906)
<b>Gross profit</b>		<b>120,009</b>	<b>146,529</b>
Administrative expenses		(213,435)	(158,275)
<b>Operating loss</b>	3	<b>(93,426)</b>	<b>(11,746)</b>
Reversal of/(provisions for) permanent diminution in value of land and properties under development for investment	10	45,073	(5,292,522)
<b>Loss on ordinary activities before interest</b>		<b>(48,353)</b>	<b>(5,304,268)</b>
Interest receivable	4	186	-
Interest payable	5	(2,093)	-
<b>Loss on ordinary activities before taxation</b>		<b>(50,260)</b>	<b>(5,304,268)</b>
Tax charge in corporate subsidiaries	6	-	(1,874)
<b>Loss for the financial year before members' remuneration and profit shares</b>		<b>(50,260)</b>	<b>(5,306,142)</b>
<b>Loss for the financial year before members' remuneration and profit shares</b>		<b>(50,260)</b>	<b>(5,306,142)</b>
Members' remuneration charged as an expense	7	-	-
<b>Loss for the financial year</b>	16	<b>(50,260)</b>	<b>(5,306,142)</b>

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

There were no differences between historical cost loss and reported loss for the year

The notes on pages 10 to 20 form part of these financial statements



# Regenco Properties LLP

## Consolidated balance sheet at 31 December 2012

<b>Registration number OC335901</b>	<b>Note</b>	<b>2012 £</b>	<b>2012 £</b>	<b>2011 £</b>	<b>2011 £</b>
<b>Fixed assets</b>					
Land and properties under development	10		-		66,820,189
<b>Current assets</b>					
Stocks	12	112,776,955		-	
Debtors	13	4,076,299		62,838	
Cash at bank and in hand		1,681,464		255,895	
		<u>118,534,718</u>		<u>318,733</u>	
<b>Creditors: amounts falling due within one year</b>	14	<b>(8,759,232)</b>		<b>(37,367,465)</b>	
		<u></u>		<u></u>	
<b>Net current assets/(liabilities)</b>			<b>109,775,486</b>		<b>(37,048,732)</b>
			<u></u>		<u></u>
<b>Total assets less current liabilities</b>			<b>109,775,486</b>		<b>29,771,457</b>
<b>Creditors: amounts falling due after more than one year</b>	15		<b>(82,054,289)</b>		-
			<u></u>		<u></u>
<b>Net assets attributable to members</b>			<b>27,721,197</b>		<b>29,771,457</b>
			<u></u>		<u></u>
<b>Represented by:</b>					
<b>Loans and other debts due to members within one year</b>					
Loans due to members	16		59,553,498		67,331,909
<b>Equity</b>					
Members' capital classified as equity	16		100		100
Members' other equity interests	16		(31,832,401)		(37,560,552)
			<u></u>		<u></u>
<b>Total members' interests</b>			<b>27,721,197</b>		<b>29,771,457</b>
			<u></u>		<u></u>

These financial statements have been prepared in accordance with the provisions applicable to small entities, as applied to limited liability partnerships

The financial statements were approved by the Members and authorised for issue on 20 September 2013



J C McMahon  
Director of Regenco General Partner Limited

The notes on pages 10 to 20 form part of these financial statements

# Regenco Properties LLP

## Balance sheet at 31 December 2012

<b>Registration number OC335901</b>	<b>Note</b>	<b>2012 £</b>	<b>2012 £</b>	<b>2011 £</b>	<b>2011 £</b>
<b>Fixed assets</b>					
Fixed asset investments	11		27,231,133		1
<b>Current assets</b>					
Debtors	13	31,427		29,627,563	
<b>Creditors: amounts falling due within one year</b>	14	<u>(5,824,151)</u>		<u>(36,900)</u>	
<b>Net current (liabilities)/assets</b>			<u>(5,792,724)</u>		<u>29,590,663</u>
<b>Net assets attributable to members</b>			<u>21,438,409</u>		<u>29,590,664</u>
<b>Represented by:</b>					
<b>Loans and other debts due to members within one year</b>					
Loans due to members	17		60,885,156		68,663,567
<b>Equity</b>					
Members' capital classified as equity	17		100		100
Members' other equity interests	17		<u>(39,446,847)</u>		<u>(39,073,003)</u>
<b>Total members' interests</b>			<u>21,438,409</u>		<u>29,590,664</u>

These financial statements have been prepared in accordance with the provisions applicable to small entities, as applied to limited liability partnerships

The financial statements were approved by the Members and authorised for issue on 20 September 2013



J C McMahon  
Director of Regenco General Partner Limited

The notes on pages 10 to 20 form part of these financial statements

# Regenco Properties LLP

## Consolidated cash flow statement at 31 December 2012

	Note	2012 £	2011 £
<b>Net cash inflow from operating activities</b>	20	<b>2,022,016</b>	<b>141,612</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		186	-
Interest paid and other financing costs expensed		(151,169)	-
Financing costs capitalised		149,076	-
<b>Net cash (outflow)/inflow from returns on investment and servicing of finance</b>		<b>(1,907)</b>	<b>141,612</b>
<b>Tax (paid)/recovered by corporate subsidiaries</b>		<b>(11,331)</b>	<b>8</b>
<b>Capital expenditure and financial investment</b>			
Payments to acquire and expenditure on land and properties under development		-	(936,075)
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>-</b>	<b>(936,075)</b>
<b>Cash inflow/(outflow) before financing</b>		<b>2,008,778</b>	<b>(794,455)</b>
<b>Financing</b>			
Loans introduced by members		-	400,000
Loans repaid to members		(2,000,000)	-
Loan notes issued		3,000,000	-
Loan notes redeemed		(1,583,209)	-
<b>Cash (outflow)/inflow from financing</b>		<b>(583,209)</b>	<b>400,000</b>
<b>Increase/(decrease) in cash</b>	21	<b>1,425,569</b>	<b>(394,455)</b>

The notes on pages 10 to 20 form part of these financial statements

# Regenco Properties LLP

## Notes forming part of the financial statements for the year ended 31 December 2012

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### 1 Accounting policies

The following accounting policies have been adopted by the group and applied consistently in dealing with items which are considered material in relation to the group's financial statements

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships (March 2010)"

#### *Basis for consolidation*

The consolidated financial statements incorporate the results of Regenco Properties LLP and all of its subsidiary undertakings as at 31 December 2012 using the acquisition method of accounting with the results of subsidiary undertakings being included from the date of their acquisition

#### *Fixed asset investments*

Investments in subsidiary undertakings are stated at cost less any provision for impairment

#### *Turnover*

Turnover represents proceeds on sale of land and work in progress an ancillary income at invoiced amounts less value added tax

#### *Land and properties under development as investments*

Land and properties acquired for the purpose of investment, including attributable interest and associated costs, are carried at cost during the course of their development, less any provision for impairment. No depreciation is provided during the course of development

#### *Stocks*

Stocks and work in progress are valued at the lower of cost and net realisable value. Development of the group's land interests are accounted for as long term contracts. Turnover and related costs are recorded in the profit and loss account as contract activity progresses. Where the outcome of each long contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and the related costs for that development. Costs include all expenses directly related to the purchase and development of land interests, attributable interest and finance costs, provisions for any anticipated losses and other associated outgoings.

#### *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.

#### *Deferred tax in corporate subsidiaries*

Deferred tax balances that arise in corporate subsidiaries are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the relevant corporate subsidiary anticipates making sufficient taxable profits in the future to absorb the reversal of underlying timing differences.

Deferred tax balances arising in corporate subsidiaries are not discounted.

# Regenco Properties LLP

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

### 1 Accounting policies (continued)

#### Allocation of profits and drawings

Capital profits of the LLP are automatically allocated to members as they arise in accordance with the terms of the LLP agreements such that the LLP does not have the right to refuse payment. The amounts arising that are due to members are in the nature of liabilities. Where capital profits do arise they are therefore treated as an expense in the profit and loss account in the relevant period with any undrawn allocated capital profits included within "loans and other debts due to members" on the balance sheet.

Capital losses, net income and net income losses shall be allocated to the members in their membership proportions in accordance with the terms of the LLP agreements. Where losses arise they are allocated to members' other equity interests. In accordance with the terms of the LLP agreements, net income shall not be distributed to the members. Where net income arises this is allocated to members' other equity interests.

#### Taxation

The financial statements do not incorporate any charge or liability for taxation on the results of the LLP, as the relevant tax is the responsibility of the members.

### 2 Turnover

Turnover is wholly attributable to the principal activities undertaken by the group and arises solely in the United Kingdom.

### 3 Operating loss

	2012 £	2011 £
This has been arrived at after charging		
Auditors' remuneration - audit services (group)	27,500	22,000
- non-audit services (group)	7,500	-
	<u>35,000</u>	<u>22,000</u>

Included in the total group audit fee is an amount of £3,000 (2011 - £2,237) in respect of the audit of the LLP and its consolidated accounts.

### 4 Interest receivable

	2012 £	2011 £
Bank interest receivable	186	-
	<u>186</u>	<u>-</u>

### 5 Interest payable

	2012 £	2011 £
Interest on loan notes (notes 14 and 15)	1,142,887	1,597,868
Loan note redemption premium (note 15)	3,000,000	-
Other interest payable	2,093	-
Capitalisation of finance costs (note 12)	(4,142,887)	(1,597,868)
	<u>2,093</u>	<u>-</u>

# Regenco Properties LLP

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

### 6 Taxation in corporate subsidiaries

The financial statements do not incorporate any charge or liability for taxation on the results of the LLP, as the relevant income tax is the responsibility of the individual members. Corporation tax arises in corporate subsidiaries as follows

	2012 £	2011 £
<i>Current tax</i>		
UK corporation tax on loss for the year	-	-
Adjustment in respect of prior periods	-	1,874
	<hr/>	<hr/>
Total current tax charge	-	1,874
	<hr/>	<hr/>

The tax assessed for the year varies from the standard rate of corporation tax in the United Kingdom. A reconciliation is provided below

	2012 £	2011 £
Loss on ordinary activities of corporate subsidiary undertakings before taxation	(27,046)	(6,870,801)
	<hr/>	<hr/>
Loss on ordinary activities of corporate subsidiary undertakings at the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	(6,626)	(1,820,763)
<i>Effects of</i>		
(Release of provisions)/ provisions not deductible for tax purposes	(11,043)	1,402,518
Expenses disallowed	9,714	9,451
Brought forward losses utilised in the current year	(145,389)	(6,242)
Losses available to carry forward	3,076	82,858
Capital allowances in excess of depreciation	(136)	(9,477)
Short term timing differences	150,404	341,655
Adjustments in respect of prior periods	-	1,874
	<hr/>	<hr/>
Total current tax charge for year in corporate subsidiaries	-	1,874
	<hr/>	<hr/>
<i>Deferred tax</i>	2012 £	2011 £
Unprovided deferred tax asset		
Revenue related losses carried forward at 23% (2011 - 25%)	423,632	611,206
	<hr/>	<hr/>

### 7 Members' remuneration charged as an expense

The profits and losses of the LLP are allocated between the members in accordance with the terms of the LLP Agreements

The average number of members during both the current year and the prior year was 3, of which 1 was a Designated Member

No remuneration was payable to the members for the current year or prior year

# Regenco Properties LLP

## Notes forming part of the financial statements for the year ended 31 December 2012 (*continued*)

### 8 Loss for the financial year

The LLP has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group loss for the year includes a loss of £373,844 (2011 - loss of £5,335,553) which is dealt with in the financial statements of the LLP.

### 9 Employees

The LLP and the group did not have any employees in the current year or prior year.

### 10 Land and properties under development as investments

Group	£
<i>Cost</i>	
At 1 January 2012	99,133,303
Transfer to current assets	(98,615,331)
	<hr/>
At 31 December 2012	<b>517,972</b>
	<hr/>
<i>Provisions</i>	
At 1 January 2012	32,313,114
Release of provision	(45,073)
Eliminated on transfer to current assets	(31,750,069)
	<hr/>
At 31 December 2012	<b>517,972</b>
	<hr/>
At 31 December 2012	-
	<hr/>
At 31 December 2011	66,820,189
	<hr/>

# Regenco Properties LLP

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

## 11 Fixed asset investments

	Investment in subsidiary undertakings £
<b>LLP</b>	
<i>Cost</i>	
At 1 January 2012	8
Additions	61,405,950
Transfer to subsidiary undertaking	(3)
	<hr/>
At 31 December 2012	<b>61,405,955</b>
	<hr/>
<i>Provisions</i>	
At 1 January 2012	7
Charge in the year	34,174,818
Eliminated on transfer to subsidiary undertaking	(3)
	<hr/>
At 31 December 2012	<b>34,174,822</b>
	<hr/>
<i>Net book value</i>	
At 31 December 2012	<b>27,231,133</b>
	<hr/>
At 1 January 2012	<b>1</b>
	<hr/>

### *Subsidiary undertakings*

The principal wholly-owned subsidiary undertakings of the LLP at 31 December 2012 were as follows

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Regenco Borrower Limited	England	100%	Intra-group finance services
Regenco (Truro Holdings) Limited*	England	100%	Intermediate parent company
Regenco (Winchburgh) Limited	England	100%	Intermediate parent company
Regenco Trading Limited*	Scotland	100%	Property development
Regenco (Winchburgh 2) Limited*	England	100%	Land investment
Regenco (Willow Green Farm) Limited*	England	100%	Land investment
Regenco (Bromley) Limited	England	100%	Land investment
John Cadzow (Glendevon) Limited*	Scotland	100%	Land investment
John Cadzow (Auldcathie) Limited*	Scotland	100%	Land investment
Chapelcross Limited*	Scotland	100%	Land investment
Newham Farm Limited*	England	100%	Land investment
Regenco (Winchburgh 3) Limited	England	100%	Land investment

\* Undertakings held indirectly by the LLP

All shares held are ordinary shares



# Regenco Properties LLP

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

## 12 Stocks

	Group 2012 £
Land held for development and work in progress thereon - long term contract balances	
Transfer from fixed assets	66,865,262
Additions in the year	55,967,197
Disposals in the year	(10,055,504)
	<hr/>
At 31 December 2012	112,776,955
	<hr/>

Capitalised finance costs amounting to £7,323,117 are included in the above carrying value of land held for development and work in progress

The carrying value of the group's land holdings and work in progress amounting to £112,776,955 reflects a number of significant accounting estimates. The most significant accounting estimates relate to medium to long term sales inflation and build inflation, future development costs and future income generation expectations, each of which carry a degree of uncertainty which could materially impact the overall outcome of whether the development achieves a profit or makes a loss. These uncertainties will continue to be monitored on a regular basis and should revised estimates suggest that the development has a reasonable certainty of making a profit, an apportionment of this profit will be recognised at such time this is considered appropriate. Further information in relation to the group's land holdings is included within the members' report.

Substantial amounts of land included in the above balance are held under fixed charges relating to loan notes and certain of the contractual obligations as set out in note 15. The aggregate liabilities as at 31 December 2012 for which these charges exist amount to £42,586,508.

## 13 Debtors

	Group 2012 £	LLP 2012 £	Group 2011 £	LLP 2011 £
Amounts due from subsidiary undertakings	-	31,327	-	29,627,463
Amounts due from related parties	49,000	-	-	-
Trade debtors	3,924,998	-	5,860	-
Other debtors	41,799	100	56,978	100
Accrued income	60,502	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	4,076,299	31,427	62,838	29,627,563
	<hr/>	<hr/>	<hr/>	<hr/>

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

Amounts of £31,327 (2011 - £29,627,463) owed by group undertakings to the LLP are shown net of provisions amounting in total to £Nil (2011 - £33,824,183).

The provisions, which have been charged to the LLP's own profit and loss account and reversed on consolidation, reflect the underlying financial position of certain fellow group entities at the balance sheet date.

# Regenco Properties LLP

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

## 14 Creditors: amounts falling due within one year

	Group 2012 £	LLP 2012 £	Group 2011 £	LLP 2011 £
Contractual obligations (see note 15)	701,222	-	-	-
Loan notes (see note 15)	6,090,768	-	37,032,530	-
Trade creditors	326,782	-	187,383	1,560
Amounts due to subsidiary undertakings	-	5,789,557	-	-
Amounts due to related parties	347,733	-	-	-
Tax and social security	1,133,257	-	-	-
Corporation tax	647	-	11,978	-
Other creditors	2,392	-	1,916	400
Accruals and deferred income	156,431	34,594	133,658	34,940
	<u>8,759,232</u>	<u>5,824,151</u>	<u>37,367,465</u>	<u>36,900</u>

## 15 Creditors: amounts falling due after more than one year

	Group 2012 £	LLP 2012 £	Group 2011 £	LLP 2011 £
Contractual obligations	45,552,849	-	-	-
Loan notes (see below)	36,501,440	-	-	-
	<u>82,054,289</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<b>Contractual obligations</b>	<b>Loan notes</b>	<b>Total</b>
		£	£	£
Maturity of obligations				
In one year or less		701,222	6,090,768	6,791,990
In more than one year but not more than two years		1,448,976	1,161,063	2,610,039
In more than two years but not more than five years		6,289,335	5,039,636	11,328,971
After more than five years		37,814,538	30,300,741	68,115,279
		<u>45,552,849</u>	<u>36,501,440</u>	<u>82,054,289</u>

Contractual obligations to third parties amounting to £46,254,071 represent amounts due in connection with the purchase of land held for development. The contractual obligations are payable between 31 December 2012 to 6 April 2025. A significant element of the amount is index linked to CPI. At 31 December 2012, contractual obligations amounting to £5,994,300 are secured on the land held for development.

# Regenco Properties LLP

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

### 15 Creditors: amounts falling due after more than one year (continued)

On 27 November 2007, the group issued various loan notes amounting in total to £33,852,000 ("the Loan Notes") at par, in connection with certain land acquisitions. The terms of the Loan Notes were varied on 23 March 2012 with redemption now phased from 31 December 2012 to 6 April 2025. The Loan notes accrue interest from 1 January 2010 at a rate based on RPI. The Loan Notes amounting to £37,063,329 are secured over certain of the group's interests in land held for development.

On 25 April 2012, the group issued £3,000,000 5% secured redeemable loan notes, repayable on demand. A redemption premium, reflected within creditors due within one year, is payable equal to the par value of the loan notes to be redeemed.

### 16 Total members' interests - group

	Equity Members' capital -equity £	Members' other equity interests £	Loans and other debts due to members £	Total £
<b>Members' interests</b>				
At 1 January 2012	100	(37,560,552)	67,331,909	29,771,457
Members' loans repaid in the year	-	-	(2,000,000)	(2,000,000)
Members' loans repurchased in the year	-	5,778,411	(5,778,411)	-
Loss for the financial year	-	(50,260)	-	(50,260)
At 31 December 2012	<b>100</b>	<b>(31,832,401)</b>	<b>59,553,498</b>	<b>27,721,197</b>

Loans and other debts due to members are shown net of the fair value adjustment of £1,331,658 (2011 - £1,331,658) that arose on the acquisition in a prior period of the group's interests in four former subsidiaries of URWI3 Limited, a subsidiary company of URWI Limited Partnership.

During the year, members loans amounting to £5,778,411 were repurchased by the group in exchange for 1 deferred ordinary share of £1 in Regenco (Winchburgh) Limited. This share provides the right to participate in 10% of the balance of any dividends after a total amount of £100,000,000 has been paid to the holders of the ordinary shares pro rata to the number of issued deferred shares. As the designated member does not expect a distribution to be made, no minority interest has been recognised and the elimination of the members' loan has been taken to other equity interests.

Any loans and other debts due to members outstanding at the year end are interest free, unsecured, have no fixed repayment terms and would rank alongside other unsecured creditors in the event of a winding up.

# Regenco Properties LLP

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

## 17 Total members' interests - LLP

Members' interests	Equity Members' capital -equity £	Members' other equity interests £	Loans and other debts due to members £	Total £
At 1 January 2012	100	(39,073,003)	68,663,567	29,590,664
Members' loans repaid in the year	-	-	(2,000,000)	(2,000,000)
Members' loans repurchased in the year	-	-	(5,778,411)	(5,778,411)
Loss for the financial year	-	(373,844)	-	(373,844)
At 31 December 2012	<b>100</b>	<b>(39,446,847)</b>	<b>60,885,156</b>	<b>21,438,409</b>

At 31 December 2012, in accordance with the Limited Liability Partnership Amendment Agreement dated 8 October 2009, no member is obliged to make any further member loans to the LLP

## 18 Related party disclosures

Uberior Ventures Limited, a member of the LLP up to 12 November 2012, is itself a subsidiary undertaking of the group headed by Lloyds Banking Group plc

LXB Manager LLP is the investment manager of LXB Retail Properties PLC and a subsidiary of LXB<sup>3</sup> Partners LLP, a member of the LLP up to 8 August 2012

Sigma Property Investment Limited is a subsidiary of Sigma Capital Group plc J McMahon, a director of the Regenco General Partner Limited, is also a director of Sigma Capital Group plc

During the year the LLP entered into the following related party transactions

- Bank interest receivable from Lloyds Banking Group plc of £79 (2011 - £Nil)
- Land and properties under development as investments additions payable to LXB Manager LLP of £Nil (2011 - £140)
- Land held for development was disposed to subsidiaries of LXB Retail Properties PLC for consideration of £2,000,000 net of VAT Under the terms of this disposal, members loans amounting to £2m were repaid to LXB<sup>3</sup> Partners LLP
- Property management service fees payable to Sigma Property Investment Limited of £242,171 (2011 - £223,013) Amounts of £Nil remain due to Sigma Property Investment Limited at the balance sheet date

West Coast Capital (Retail Parks) Limited, an intermediate holding company, purchased £3,000,000 5% secured redeemable loan notes at par and interest of £116,712 was payable Amounts of £6,116,712 remain due to West Coast Capital (Retail Parks) Limited at the balance sheet date

At 31 December 2012, the group was owed £49,000 (2011 - £Nil) by UWRI Limited Partnership, a member of the LLP

At 31 December 2012, the group owed £347,733 to URWI Newco Borrower Limited, a subsidiary company of URWI Limited Partnership

The members are not aware of any other related party transactions requiring disclosure

# Regenco Properties LLP

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

## 19 Controlling party information

At 31 December 2012, the company's ultimate controlling entity was West Coast Capital, a Scottish partnership trading from Marathon House, Olympic Business Park, Drybridge Road, Dundonald

J McMahon, is a director of both Regenco General Partner Limited and West Coast Capital (Retail Parks) Limited, the designated members of the LLP and a partner of West Coast Capital

P Davidson, is a director of West Coast Capital (Retail Parks) Limited, a designated member of the LLP and a partner of West Coast Capital

The immediate controlling entity of the LLP is URWI Limited Partnership

## 20 Reconciliation of operating profit to net cash inflow from operating activities

	Group 2012 £	Group 2011 £
Operating loss	(93,426)	(11,746)
Decrease in stocks	4,485,265	-
Increase in debtors	(4,013,461)	(2,720)
Increase in creditors	1,643,638	156,078
	<hr/>	<hr/>
Net cash inflow from operating activities	2,022,016	141,612
	<hr/>	<hr/>

## 21 Reconciliation of net cash flow to movements in net debt

	Group 2012 £	Group 2011 £
Increase/(decrease) in cash in the year	1,425,569	(394,455)
Cash outflow/(inflow) from movements in debt financing	583,209	(400,000)
	<hr/>	<hr/>
Change in net debt resulting from cash flows	2,008,778	(794,455)
<i>Other movements (non-cash)</i>		
Interest accrued on Loan notes	(1,142,887)	(1,597,869)
Redemption premium on Loan notes	(3,000,000)	-
Members' loans repurchased (note 19)	5,778,411	-
	<hr/>	<hr/>
Movement in net debt in the year	3,644,302	(2,392,324)
Net debt at start of the year	(104,108,544)	(101,716,220)
	<hr/>	<hr/>
Net debt at end of the year (note 22)	(100,464,242)	(104,108,544)
	<hr/>	<hr/>

# Regenco Properties LLP

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

## 22 Analysis of net debt

	At 1 January 2012 £	Cash flow £	Other non - cash items £	At 31 December 2012 £
Cash at bank	255,895	1,425,569	-	1,681,464
Financing:				
<i>Debt due within one year.</i>				
Members' loan participations	(67,331,909)	2,000,000	5,778,411	(59,553,498)
Loan notes	(37,032,530)	(1,416,791)	32,358,553	(6,090,768)
	(104,364,439)	583,209	38,136,964	(65,644,266)
<i>Debt due after one year</i>				
Loan notes	-	-	(36,501,440)	(36,501,440)
	(104,364,439)	583,209	1,635,524	(102,145,706)
Net debt	(104,108,544)	2,008,778	1,635,524	(100,464,242)