Financial Statements Solo Properties (Knightsbridge) Limited

For the year ended 31 December 2012

Company number: 1398153

Company Information

Directors	J Quaicoe P-A Guillaume (resigned 1 May 2013) GWCM Managers Limited (resigned 29 April 2013) L Cathan (appointed 29 April 2013) D Gaskell (appointed 1 May 2013)
Company secretary	GWCM Managers Limited
Registered number	1398153
Registered office	Trident Chambers PO Box 146 Road Town Tortola British Virgin Islands
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Registered Auditor Grant Thornton House Melton Street Euston Square London NW1 2EP

Contents

Directors' Report
For the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012.

Principal activities and review of business

The principal activity of the company during the year was property investment. The company's investment property is located in Knightsbridge, London, United Kingdom.

The company's continued objective is to maximise growth in assets from increases in investment property values and from retained earnings from property rentals.

Results

The results for the year, which are set out in the profit and loss account, show a loss for the year, after taxation, amounting to £630,041 (2011 - loss £416,484).

The property continues to be fully let and the performance of the business remains in line with the prior year generating an operating profit before interest of £2,097,306 (2011 - £2,303,988). Loan interest remains a significant expense to the company with interest of £2,732,218 (2011 - £2,724,759).

Future outlook

Demand for investment properties in the Knightsbridge location is primarily from overseas investors and this has only grown stronger with general uncertainty in the world economy. When this demand is added to the very restricted supply of investment properties in Knightsbridge, prices have risen. It is not anticipated that demand will decrease in the next few years.

Occupational demand for retail units is strong and there is a steady demand for offices in this location.

Key performance indicators

The company's directors deem that rental yields and the investment property valuation are meaningful financial key performance indicators in understanding the development, performance or position of the company's activities.

Further detail on the investment property valuation can be found in note 7 of the accounts.

The company's directors are of the opinion that there are no meaningful non financial key performance indicators that would be necessary or appropriate for an understanding of the development, performance or position of the company's activities.

Directors' Report
For the year ended 31 December 2012

Financial risk management objectives and policies

The company uses various financial instruments. These include cash, trade debtors, loans, trade creditors and amounts due to group undertakings that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments expose the company to a number of principal risks and uncertainties, which are described in more detail below:

Liquidity risk
The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company uses long term finance to fund the acquisition of the investment property and to ensure continuity of funding. The maturity of borrowings is set out in the notes to the financial statements. Liquid resources are deemed to be cash.

Credit risk
The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited as the counterparties have high credit ratings. The principal credit risk arises, therefore, from trade debtors.

In order to manage credit risk the directors perform credit checks on potential tenants prior to granting a lease. Credit limits are reviewed on a regular basis in conjunction with debt aging and collection history.

Directors

The directors who served during the year and to the date of this report were:

J Quaicoe
P-A Guillaume (resigned 1 May 2013)
GWCM Managers Limited (resigned 29 April 2013)
L Cathan (appointed 29 April 2013)
D Gaskell (appointed 1 May 2013)

Directors' Report
For the year ended 31 December 2012

Auditor

Grant Thornton UK LLP have expressed their willingness to continue in office.

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

Directors' responsibilities statement

The directors have voluntarily elected to prepare the non statutory Directors' report and the financial statements in accordance with United Kingdom Companies Act 2006, as if those requirements were to apply to the company..

In electing to prepare these non statutory financial statements under United Kingdom Companies Act 2006, as if those requirements were to apply to the company, the directors are required to prepare financial statements 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 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 enable them to ensure that the financial statements comply with applicable law. 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.

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

GWCM Managers Limited
Secretary

Date: 12/08/2013

Grant Thornton

Independent Auditor's Report to the Members of Solo Properties (Knightsbridge) Limited

We have audited the financial statements of Solo Properties (Knightsbridge) Limited for the year ended 31 December 2012, which comprise the profit and loss account, the statement of recognised gains and losses, the balance sheet, the 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).

In addition to our audit of the financial statements, the Directors of Solo Properties (Knightsbridge) Limited have engaged us to report as to whether:

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

as if those requirements of the United Kingdom Companies Act 2006 were to apply to the Company.

This report is made solely to the company's members, as a body, in accordance with the terms of our engagement. 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 and 3, 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 Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its loss for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice.

Grant Thornton

Independent Auditor's Report to the Members of Solo Properties (Knightsbridge) Limited

Opinion on other matters prescribed by the terms of our engagement

In our opinion:

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

as if those requirements of the United Kingdom Companies Act 2006 were to apply to the Company.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor
London
Date: 29 August 2013

Profit and Loss Account

For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	1,2	2,737,208	2,777,436
Cost of sales		(565,055)	(429,031)
Gross profit		2,172,153	2,348,405
Administrative expenses		(74,847)	(45,417)
Operating profit	3	2,097,306	2,302,988
Interest receivable		4,871	5,287
Interest payable and similar charges	5	(2,732,218)	(2,724,759)
Loss on ordinary activities before taxation		(630,041)	(416,484)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	12	(630,041)	(416,484)

All amounts relate to continuing operations.

The notes on pages 10 to 17 form part of these financial statements.

Statement of Total Recognised Gains and Losses
For the year ended 31 December 2012

	2012	2011
	£	£
Loss for the financial year	**(630,041)**	(416,484)
Unrealised surplus on revaluation of investment properties	8,820,000	-
Total recognised gains and losses relating to the year	8,189,959	(416,484)

The notes on pages 10 to 17 form part of these financial statements.

Balance Sheet
As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Investment property	7		60,200,000		51,380,000
Current assets					
Debtors	8	666,384		662,067	
Cash at bank		809,144		1,182,302	
		1,475,528		1,844,369	
Creditors: amounts falling due within one year	9	(1,694,448)		(1,593,248)	
Net current (liabilities)/assets			(218,920)		251,121
Total assets less current liabilities			59,981,080		51,631,121
Creditors: amounts falling due after more than one year	10		(49,687,349)		(49,527,349)
Net assets			10,293,731		2,103,772
Capital and reserves					
Called up share capital	11		115		115
Share premium account	12		9,999,935		9,999,935
Revaluation reserve	12		2,571,132		(6,248,868)
Profit and loss account	12		(2,277,451)		(1,647,410)
Shareholders' funds	15		10,293,731		2,103,772

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Director

Date: 12/08/2013

The notes on pages 10 to 17 form part of these financial statements.

Cash Flow Statement

For the year ended 31 December 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	18	2,192,571	2,254,863
Returns on investments and servicing of finance	19	(2,725,729)	(2,721,080)
Taxation		-	(64,149)
Cash outflow before financing		(533,158)	(530,366)
Financing	19	160,000	-
Decrease in cash in the year		(373,158)	(530,366)

Reconciliation of Net Cash Flow to Movement in Net Debt

For the year ended 31 December 2012

	2012 £	2011 £
Decrease in cash in the year	(373,158)	(530,366)
Cash inflow from increase in debt and lease financing	(160,000)	-
Movement in net debt in the year	(533,158)	(530,366)
Net debt at 1 January 2012	(48,345,047)	(47,814,681)
Net debt at 31 December 2012	(48,878,205)	(48,345,047)

The notes on pages 10 to 17 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies

1.1 Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property and in accordance with applicable accounting standards.

Although the company is incorporated in the British Virgin Islands and as such is regulated by its Company Act's rules and regulations, the directors have prepared the financial statements in accordance with UK GAAP as would be required if the company were incorporated in Great Britain and following Companies Act 2006.

The company's accounting policies remain unchanged from the prior year, and are set out below:

1.2 Going concern

The company's activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on page 1. The directors consider that the current economic environment is challenging and although improving still presents significant difficulties in terms of obtaining and retaining tenants to occupy the investment property. These circumstances create uncertainty over future results, property values and cash flows.

The directors of the company have prepared forecasts to December 2020, taking into account the expected tenancy occupation. The directors have also received a letter of support from the company's intermediate parent undertaking Sociadade Nacional De Combustives De Angola SA stating that they will not call for repayment of the loan or any unpaid loan interest for at least 12 months from the date of approval of these financial statements. After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

1.3 Turnover

Turnover represents amounts charged to tenants for rental, service charge, insurance and other income during the year, exclusive of Value Added Tax. Rental income is recognised on the straight line basis over the term of the lease. Service charge and insurance income are recognised as received.

Lease incentives provided to tenants are recognised as a reduction in rental income, with the cost of these incentives being allocated on a straight line basis over either lease term or a shorter period ending on a date from which it is expected that prevailing market rent would be payable.

Notes to the Financial Statements
For the year ended 31 December 2012

1. Accounting Policies (continued)

1.4 Investment properties

Investment properties are revalued annually and included in the balance sheet at their open market value. Any surplus or temporary deficit on revaluation is taken to the statement of total recognised gains and losses as a movement on the revaluation reserve. Any permanent deficit on revaluation is charged to the profit and loss account.

No depreciation is charged on investment properties. The non-depreciation of investment properties is permitted by Statement of Accounting Practice No.19 and represents a departure from the Companies Act 2006, which requires depreciation to be provided on all fixed assets. However, the properties are not purchased for consumption but for investment and accordingly the directors consider that in the circumstances systematic annual depreciation would be inappropriate.

1.5 Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.6 Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account on an amortised cost basis.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Notes to the Financial Statements

For the year ended 31 December 2012

2. Turnover

An analysis of turnover by class of business is as follows:

	2012	2011
	£	£
Rentals receivable under operating leases	**2,413,092**	2,433,009
Service charge income	**292,196**	313,939
Insurance income	**31,920**	30,339
Other income	**-**	149
	2,737,208	2,777,436

All turnover arose within the United Kingdom.

3. Operating profit

The operating profit is stated after charging:

	2012	2011
	£	£
Auditor's remuneration	**9,353**	6,450
Auditor's remuneration - taxation compliance and advisory services	**10,550**	3,300

During the year, no director received any emoluments (2011 - £NIL).

4. Staff costs

The average monthly number of employees, including the directors, during the year was as follows:

	2012	2011
	No.	No.
Directors	**2**	2
Corporate director	**1**	1
	3	3

5. Interest payable

	2012	2011
	£	£
Interest on loan notes	**2,729,959**	2,722,500
Loan note administration costs	**2,259**	2,259
	2,732,218	2,724,759

Notes to the Financial Statements
For the year ended 31 December 2012

6. Taxation

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - higher than) the standard rate of income tax in the UK of 20% (2011 - 20%). The differences are explained below:

	2012	2011
	£	£
Loss on ordinary activities before tax	(630,041)	(416,484)
Loss on ordinary activities multiplied by standard rate of income tax in the UK of 20% (2011 - 20%)	(126,008)	(83,297)
Effects of:		
Expenses not deductible for tax purposes	26,171	-
Non-taxable income	(1,077)	(1,057)
Unrelieved tax losses carried forward	100,914	84,354
Current tax charge for the year	-	-

7. Investment property

	Freehold investment property
	£
Cost or valuation	
At 1 January 2012	51,380,000
Surplus on revaluation	8,820,000
At 31 December 2012	60,200,000
Comprising	
Cost	57,628,868
Annual revaluation (deficit)/surplus:	
2010	(6,248,868)
2012	8,820,000
At 31 December 2012	60,200,000

At the year end the investment property was valued by CBRE Limited (external valuers) at £60,200,000. The valuation has been prepared in accordance with the Royal Institution of Chartered Surveyors Valuation - Professional Standards (2012) on the basis of market value.

Notes to the Financial Statements

For the year ended 31 December 2012

11. Share capital

	2012	2011
	£	£
Allotted, called up and fully paid		
200 Ordinary shares of $1 each	**115**	115

12. Reserves

	Share premium account	Revaluation reserve	Profit and loss account
	£	£	£
At 1 January 2012	**9,999,935**	**(6,248,868)**	**(1,647,410)**
Loss for the year			**(630,041)**
Surplus on revaluation of freehold property		**8,820,000**	
At 31 December 2012	**9,999,935**	**2,571,132**	**(2,277,451)**

13. Related party transactions

The company has in issue £33,000,000 of Loan Notes repayable in 2040 (2011: £33,000,000). These loan notes, which are listed on the Bermudan Stock Exchange are held by Sociedade Nacional De Combustiveis De Angola SA, the intermediate parent company. Interest of £2,729,959 (2011:£2,722,500) was charged on these loan notes during the year of which £454,993 (2011: £454,993) remained unpaid at the year end.

The company also received an interest free loan of £15,406,498 (2011: £15,246,498) from Sociedade Nacional De Combustiveis De Angola SA, the intermediate parent company. A further amount of £1,280,851 (2011: £1,280,851) relating to unpaid interest on a previous loan from Sociedade Nacional De Combustiveis De Angola SA has been included in amounts due to group undertakings. The interest free loans have no specific repayment date.

Sociedade Nacional De Combustiveis De Angola Limited, another group company, holds a five year lease relating to part of the third floor of the investment property. Turnover for the year includes rental income of £150,938 (2011:£150,458), insurance income of £1,679 (2011:£1,908) and service charge income of £58,442 (2011:£41,640) relating to this lease.

Also during the year, the company was charged fees of £3,462 (2011: £3,610) by Mr J Quaicoe, a director of the company.

During the period the company was charged legal and professional fees of £22,768 (2011: £17,876) by Geneva Wealth Capital Management, directors of the company of which £nil (2011: £3,000) was outstanding at year end.

The company was also charged fees of £6,810 (2011: £7,191) by Chabrier & Partners in respect of the services of Mr P-A. Guillaume, a director of the company.

Notes to the Financial Statements

For the year ended 31 December 2012

14. Contingencies and capital commitments

The directors have confirmed that there were no contingencies and capital commitments which should be disclosed at 31 December 2012 or 31 December 2011.

15. Reconciliation of movement in shareholders' funds

	2012	2011
	£	£
Opening shareholders' funds	**2,103,772**	2,520,256
Loss for the year	**(630,041)**	(416,484)
Other recognised gains and losses during the year	**8,820,000**	-
Closing shareholders' funds	**10,293,731**	2,103,772

16. Deferred tax asset

As at 31 December 2012, the company had unrecognised deferred tax assets totalling £280,607 (2011: £179,693). These comprised of tax losses carried forward of £1,403,036 (2011: £898,467).

17. Ultimate parent undertaking and controlling party

The immediate parent undertaking of thus company is Sociadade Nacional De Combustiveis De Angola SA, on the basis that it owns 100% of the issued share capital.

The ultimate parent undertaking and controlling related party of this company is Sociedade Nacional De Combustiveis De Angola EP, a company registered in Angola.

18. Net cash flow from operating activities

	2012	2011
	£	£
Operating profit	**2,097,306**	2,302,988
Decrease/(increase) in debtors	**32,994**	(70,852)
Increase in creditors	**62,271**	22,727
Net cash inflow from operating activities	**2,192,571**	2,254,863

Notes to the Financial Statements

For the year ended 31 December 2012

19. Analysis of cash flows for headings netted in cash flow statement

	2012	2011
	£	£
Returns on investments and servicing of finance		
Interest received	4,871	5,287
Interest paid	(2,730,600)	(2,726,367)
Net cash outflow from returns on investments and servicing of finance	(2,725,729)	(2,721,080)

	2012	2011
	£	£
Financing		
Additional interest free loans	160,000	-

20. Analysis of changes in net debt

	1 January 2012	Cash flow	Other non-cash changes	31 December 2012
	£	£	£	£
Cash at bank and in hand	1,182,302	(373,158)	-	809,144
Debt:				
Debts falling due after more than one year	(49,527,349)	(160,000)	-	(49,687,349)
Net debt	(48,345,047)	(533,158)	-	(48,878,205)

Detailed Trading and Profit and Loss Account

For the year ended 31 December 2012

	2012 £	2011 £
Turnover	2,737,208	2,777,436
Cost of sales	(565,055)	(429,031)
Gross profit	2,172,153	2,348,405
Less: Overheads		
Administration expenses	(74,847)	(45,417)
Operating profit	2,097,306	2,302,988
Interest receivable	4,871	5,287
Interest payable	(2,732,218)	(2,724,759)
Loss for the year before tax	(630,041)	(416,484)

This and the following pages do not form part of the audited financial statements.

Schedule to the Detailed Accounts

For the year ended 31 December 2012

	2012	2011
	£	£
Turnover		
Rental Income	2,413,092	2,433,009
Service charge income	292,196	313,939
Insurance income	31,920	30,339
Other income	-	149
	2,737,208	2,777,436

	2012	2011
	£	£
Cost of sales		
Insurance	31,920	30,339
Service charge expenditure	271,141	313,939
Lease surrender costs	100,000	-
Asset management fees	72,589	73,417
Rent reviews, letting fees etc.	86,129	4,612
Doubtful debt	3,276	6,724
	565,055	429,031

	2012	2011
	£	£
Administration expenses		
Legal and professional (offshore running costs)	36,235	31,673
Legal and professional (other)	12,113	(1)
Auditors' remuneration	9,353	6,449
Tax advice	10,550	3,300
Accountancy fees	5,955	3,485
Bank charges	641	511
	74,847	45,417

	2012	2011
	£	£
Interest receivable		
Bank interest receivable	4,871	5,287

Schedule to the Detailed Accounts
For the year ended 31 December 2012

	2012 £	2011 £
Interest payable		
Interest on unsecured loan notes	2,729,959	2,722,500
Loan note administration costs	2,259	2,259
	2,732,218	2,724,759