

Registered number 00355853

FORMAN HARDY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 September 2018



FORMAN HARDY HOLDINGS LIMITED

COMPANY INFORMATION

Directors

N J Forman Hardy
T W B Forman Hardy
P A Letley

Company Secretary

HP Secretarial Services Limited

Registered office

64 St. James's Street
Nottingham
United Kingdom
NG1 6FJ

Statutory Auditor

Deloitte LLP
Statutory Auditor
Birmingham
United Kingdom

Registered number

00355853

FORMAN HARDY HOLDINGS LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 3
Independent auditor's report	4 - 5
Profit and Loss Account	6
Statement of Comprehensive Income	7
Balance Sheet	8
Statement of Changes in Equity	9
Notes to the financial statements	10– 22

FORMAN HARDY HOLDINGS LIMITED

STRATEGIC REPORT for the year ended 30 September 2018

The principal activity of the company during the year was of a holding company and property owner.

Principal Risks and Uncertainties

The principal risks facing the company are linked to the two trading entities in the group; T. Bailey Asset Management Limited and T. Bailey Fund Services Limited. The specific risks facing these companies are detailed in their individual financial statements.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The company does not use derivative financial instruments.

Credit risk (the risk that a debtor will default)

The company contracts with strong counterparties with whom it has good relationships and risk of default is very low. The company's credit risk is considered to be very low. The preferential dividend debtor is due from Featherstone Partners Limited. Featherstone is in its first year of trading but has exceeded its original forecasts and therefore the preferential dividend due is expected to be repayable once the agreed level of profit has been reached.

Cash flow risk (the risk that cash flow is inadequate to meet obligations)

The company maintains significant cash balances. No additional capital is considered necessary to cover the risk that the company has insufficient financial resources available to enable it to meet its obligations as they fall due.

Liquidity risk (the risk that assets cannot be sold quickly enough to provide a cash flow)

As set out above, the company has significant financial resources and is therefore subject to very low liquidity risk.

Key performance indicators are also linked to the activity of the trading entities within the Group. These are detailed in their individual financial statements.

Future developments

The company expects to continue to trade on a similar basis to the current year.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and financial position are set out above.

The directors have assessed the Balance Sheet and likely cash flows at the date of approving these financial statements. The directors have received a letter of support from the Nottingham Industrial Group in confirmation of its continued financial support for at least 12 months from the date of signing these financial statements. Given this position, the directors believe that any foreseeable debts can be met for at least 12 months from the date of signing these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

This report was approved by the board on 26 June 2019 and signed on its behalf.



N J Forman Hardy
Director

FORMAN HARDY HOLDINGS LIMITED

DIRECTORS' REPORT for the year ended 30 September 2018

The directors presents their annual report and the audited financial statements for the year ended 30 September 2018. The directors' Report has been prepared in accordance with the special provisions applicable to Companies subject to the small Companies' regime.

Directors Responsibilities Statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 confirm that the above requirements have been met in preparing the financial statements.

The directors are responsible for keeping adequate accounting records which 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 Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Principal activities

The principal activity of the company during the year was of a holding company and property owner.

Information presented in other sections

Information relating to going concern and principal risks and uncertainties has been included in the Strategic Report.

Results

The profit for the year, after taxation, amounted to £1.074m (2017 loss of £4.825m).

Indemnity cover

Third party indemnity cover for the director was in force during the financial year and at the year end.

FORMAN HARDY HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
for the year ended 30 September 2018**

Directors

The directors who served during the year and up to the date of signing the financial statements were:

N J Forman Hardy
T W B Forman Hardy
P A Letley

Subsequent events

There were no subsequent events to the balance sheet date which impact upon the financial statements.

There are no circumstances that would affect the audit opinion.

Auditor

A resolution to reappoint Deloitte LLP as auditor will be passed at the next board meeting.

Provision of information to Auditor

The directors at the time of approval of this report have confirmed that:

- so far as that directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that each 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This report was approved by the board on 26 June 2019 and signed on its behalf.



N J Forman Hardy
Director

FORMAN HARDY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORMAN HARDY HOLDINGS LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Forman Hardy Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 September 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

FORMAN HARDY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FORMAN HARDY HOLDINGS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

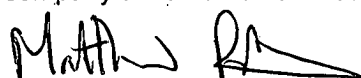
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Matthew Perkins FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Birmingham, United Kingdom

26 June 2019

FORMAN HARDY HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2018

		2018	2017
	Notes	£'000	£'000
Turnover	2	161	156
Administrative expenses		(385)	(207)
Changes in fair value of investments		47	131
Operating profit/ loss	3	<u>(177)</u>	<u>80</u>
Dividend Income		783	-
Net finance expense	6	<u>(75)</u>	<u>(5,910)</u>
Profit/ (Loss) before taxation		531	<u>(5,830)</u>
Tax on profit/ (loss)	7	543	1,005
Profit/ (Loss) for the financial year, attributable to the equity shareholders' of the company		<u><u>1,074</u></u>	<u><u>(4,825)</u></u>

All amounts relate to continuing operations.

The notes on pages 10 to 22 form part of these financial statements.

FORMAN HARDY HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 September 2018

	2018 £'000	2017 £'000
Profit/ (Loss) for the financial year	1,074	(4,825)
Actuarial gain recognised in the pension scheme	1,739	499
(Loss)/return on assets	(1)	(1,869)
Change in pension surplus not recoverable	-	3,211
Deferred tax credit/ (charge)	(3,006)	(761)
Total comprehensive loss attributable to equity shareholders of the company	<u>(194)</u>	<u>(3,745)</u>

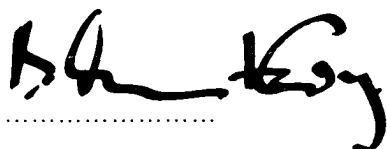
The notes on pages 10 to 22 form part of these financial statements.

FORMAN HARDY HOLDINGS LIMITED
Company Registration number: 00355853

BALANCE SHEET
as at 30 September 2018

	Notes	2018	2017
		£'000	£'000
Fixed assets			
Tangible fixed assets	8	696	702
Investments	9	2,387	1,839
		<u>3,083</u>	<u>2,541</u>
Current assets			
Debtors	10	566	26
Cash at bank and in hand		1,526	2,759
		<u>2,092</u>	<u>2,785</u>
Creditors: amounts falling due within one year	11	(1,147)	(1,121)
Net current assets		<u>945</u>	<u>1,664</u>
Total assets less current liabilities		<u>4,028</u>	<u>4,205</u>
Defined benefit pension scheme asset	12	12,113	10,450
Deferred taxation	13	(4,240)	(1,777)
Debtors due after one year	10	783	-
Net assets including pension asset		<u>12,684</u>	<u>12,878</u>
Capital and reserves			
Called-up share capital	14	226	226
Capital redemption reserve	15	911	911
Other reserves	15	50	50
Profit and loss account	15	11,497	11,691
Shareholders' funds		<u>12,684</u>	<u>12,878</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 June 2019.



N J Forman Hardy
Director

The notes on pages 10 to 22 form part of the financial statements.

FORMAN HARDY HOLDINGS LIMITED
Company Registration number: 00355853

STATEMENT OF CHANGES IN EQUITY
for the year end 30 September 2018

	Called-up share capital	Other Reserves	Profit and loss account	Total
	£'000	£'000	£'000	£'000
At 1 October 2016	226	961	12,800	13,987
Total comprehensive loss for the year	-	-	(4,825)	(4,825)
Actuarial loss recognised in the pension scheme	-	-	499	499
Return on assets	-	-	(1,869)	(1,869)
Change in pension surplus not recoverable	-	-	3,211	3,211
Return on pension scheme surplus	-	-	2,636	2,636
Deferred tax credit	-	-	(0)	(0)
Total comprehensive result for the year	-	-	(1,109)	(1,109)
At 30 September 2017	226	961	11,691	12,878
Total comprehensive gain/ (loss) for the year	-	-	1,074	1,074
Actuarial gain recognised in the pension scheme	-	-	1,739	1,739
Return on assets	-	-	(1)	(1)
Change in pension surplus not recoverable	-	-	-	-
Return on pension scheme surplus	-	-	-	-
Deferred tax credit/(charge)	-	-	(3,006)	(3,006)
Total comprehensive result for the year	-	-	(194)	(194)
At 30 September 2018	226	961	11,497	12,684

The notes on pages 10 to 22 form part of these financial statements.

FORMAN HARDY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2018

1. Accounting policies

1.1. Basis of preparation of financial statements

Forman Hardy Holdings Limited ('the company') is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on the company information page. The nature of the company's operations and its principal activities are set out in the Strategic report on page 1.

The financial statements have been prepared under the historical cost convention, and on a going concern basis in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) issued by the Financial Reporting Council.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The company is consolidated in the financial statements of its ultimate parent, Nottingham Industrial Group Limited as per note 17. Exemptions have been taken in these separate company financial statements in relation to financial instruments, related parties and presentation of a cash flow statement.

Critical Accounting judgments in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

In preparing these financial statements, the directors have made the following judgements:

Impairment of Investments

The company reviews the carrying value of all investments for indications of impairment at each period end. If indicators of impairment exist, the carrying value of the asset is subject to further testing to determine whether its carrying value exceeds its recoverable amount. Antiques and paintings are carried at cost and are matched to insurance values; their valuation is considered annually and compared to cost for any impairment charge necessary. Investments in the T. Bailey Growth Fund are also carried at cost and compared against the market valuation of the units in the fund. There was no impairment during the year.

1.2. Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts. Income from property and management fees is recognised when invoiced.

Dividend Income

The dividend receivable from Featherstone Partners Limited is due to the company's investment in preference shares which will entitle them to receive a dividend on the first £1m of profit in this company.

FORMAN HARDY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) for the year ended 30 September 2018

1. Accounting policies (continued)

1.2 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold buildings	- 2% straight line
Fixtures & fittings	- 33 1/3% straight line

1.3 Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

All financial assets and liabilities are initially measured at transaction price (including transaction costs). Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

1.4 Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Investments held for resale are shown at their market value and any adjustments are recorded in the profit and loss account.

1.5 Current and deferred taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

FORMAN HARDY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 September 2018

1. Accounting policies (continued)

Pensions

- 1.7** The company operates pension schemes covering all eligible employees. The defined benefit schemes are fully funded and contributions are paid to the schemes in accordance with the recommendations of independent actuaries made triennially based on projected final salaries. Contributions made to the defined contribution schemes are expensed against the profit in the year in which they are payable.

Regular valuations of the defined benefit scheme are carried out by professionally qualified actuaries. These determine the level of contributions required to fund the benefits set out in the rules of the scheme and allow for the periodic increase of pensions in payment. The regular service cost of providing retirement benefits to employees during the year, together with the cost of any benefits relating to past service is expensed to operating profit in the year.

A credit representing the expected return on the assets of the scheme during the year is included within interest receivable and similar income. This is based on the market value of the assets of the scheme at the start of the financial year. An expense is included within interest payable and similar expenses representing the expected increase in the liabilities of the scheme during the year. This arises from the liabilities of the scheme being one year closer to payment.

The difference between the market value of assets and the present value of accrued pension liabilities is shown as an asset or liability in the balance sheet net of deferred tax.

Differences between actual and expected returns on assets during the year are recognised in the Statement of Comprehensive Income, together with differences arising from changes in assumptions.

The pension surplus has been recognised in line with the requirements of FRS 102. A pension surplus is recognised where the company will derive benefits from the pension asset through way of reduced contributions to the pension scheme.

2. Turnover

All turnover is derived from the provision of property and administrative services and arose within the United Kingdom.

3. Operating loss

The operating loss is stated after expensing:

	2018	2017
	£'000	£'000
Depreciation of tangible fixed assets:		
- Owned by the company	6	6
Auditor's remuneration	8	8
	<hr/>	<hr/>

FORMAN HARDY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 September 2018

4. Staff costs

Staff costs including directors' remuneration, were as follows:

	2018 £'000	2017 £'000
Wages and salaries	104	96
Social security costs	23	31
	<u>127</u>	<u>127</u>

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

	2018 No.	2017 No.
Administrative Staff	4	4
	<u>4</u>	<u>4</u>

5. Director's emoluments

	2018 £'000	2017 £'000
Remuneration	116	132
	<u>116</u>	<u>132</u>

Retirement benefits are accruing to 1 (2017: 1) director under money purchase schemes. The accrued pension of the highest paid director at the year-end was £Nil (2017: £Nil). All salary and benefits are paid by the company.

During the year no contributions were made in respect of defined contribution pension schemes (2017: £nil)

6. Net finance expense

	2018 £'000	2017 £'000
Other interest receivable and similar income	268	336
Pension scheme service cost	(343)	(6,246)
	<u>(75)</u>	<u>(5,910)</u>

FORMAN HARDY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 September 2018

7. Taxation

Factors affecting the tax credit for the year

	2018 £'000	2017 £'000
Corporation tax:		
Current year	-	-
Adjustments in respect of prior years	-	-
Deferred tax	(543)	(1,005)
	<hr/>	<hr/>
Total Tax credit	(543)	(1,005)
	<hr/>	<hr/>

The tax assessed for the year is different to that resulting from applying the rate of corporation tax in the UK of 19% (2017: 19.5%), for the reasons set out in the following reconciliation:

	2018 £'000	2017 £'000
Profit/(Loss) before tax	531	(5,830)
	<hr/>	<hr/>
Profit/(Loss) multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.5%)	101	(1,137)
Effects of:		
Deferred tax not recognised	(35)	8
Tax rate changes	(529)	148
Income not taxable	(158)	(26)
Fair value investment adjustments	34	
Non-deductible expenses	37	2
Group relief not paid	7	
	<hr/>	<hr/>
Current tax credit for the year	(543)	(1,005)
	<hr/>	<hr/>
Deferred tax (charge) /credit arising from the pension asset	(543)	(761)
	<hr/>	<hr/>

FORMAN HARDY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 September 2018

The corporation tax rate of 19% applies during the year ended 30 September 2018 (2017: 19.5%).

Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the Balance Sheet date. The deferred tax is calculated at 35% (2017: 17%). The deferred tax liability relates entirely to the pension surplus, and in the event this surplus is repaid to the company, a tax rate of 35% would apply to the repayment.

The current taxation charge for the year was £nil (2017: £nil). The current year deferred tax credit in the Profit and Loss Account is £542,850 (2017: £1,004,530) and the charge in Statement of Changes in Equity is £3,005,900 (2017: £760,750 credit). As at 30 September 2018 there was unrecognised deferred tax in respect of tax losses of £4,328,445 (2017: £4,506,891) and accelerated capital allowances of £54,733 (2017: £75,834). The deferred tax asset in respect of this would be £735,836 for tax losses (2017: £766,171) and £9,305 for accelerated capital allowances (2017: £12,892). Due to uncertainty over the future utilisation, no deferred tax asset has been recognised.

8. Tangible fixed assets	Freehold land And Buildings £'000	Fixtures and Fittings £'000	Total £'000
Cost			
At 1 October 2017 and 30 September 2018	807	406	1,213
	<u>807</u>	<u>406</u>	<u>1,213</u>
Depreciation			
At 1 October 2017	105	406	511
Charge for the year	6	-	6
At 30 September 2018	<u>111</u>	<u>406</u>	<u>517</u>
Net book value			
At 30 September 2018	<u>696</u>	<u>-</u>	<u>696</u>
At 30 September 2017	<u>702</u>	<u>-</u>	<u>2</u>

Included in freehold land and buildings is freehold land at cost of £522,457 (2017: £522,457) which is not depreciated.

FORMAN HARDY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 September 2018

9. Investments	Investments in subsidiary companies £'000	Loans to subsidiaries £'000	Unlisted investments £'000	Total £'000
Cost or valuation				
At 1 October 2017	10,535	5,334	1,278	17,147
Additions	333	167	-	500
Fair value adjustment	-	-	48	47
At 30 September 2018	<u>10,868</u>	<u>5,501</u>	<u>1,326</u>	<u>17,694</u>
Impairment				
At 1 October 2017 and 30 September 2018	<u>9,774</u>	<u>5,334</u>	<u>200</u>	<u>15,308</u>
Net book value				
At 30 September 2018	<u>1,094</u>	<u>167</u>	<u>1,126</u>	<u>2,387</u>
At 30 September 2017	<u>761</u>	<u>-</u>	<u>1,078</u>	<u>1,839</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company and are all registered in England and Wales except for Pilotbird Holdings 1 Limited which is registered in the Bahamas.

Name	Class of shares	Holding
T. Bailey Holdings Limited ¹	Ordinary	53.85%
T. Bailey Fund Services Limited ^{1*}	Ordinary	53.85%*
T. Bailey Asset Management Limited ¹	Ordinary	53.85%*
Manorlease Limited ¹	Ordinary	100%
Howper 235 Limited ¹	Ordinary	100%
T.B.F. Communications ²	Ordinary	100%
Pilotbird Limited ³	Ordinary	100%
Pilotbird Holdings 1 Limited ^{4*}	Ordinary	100%
Featherstone Partners Limited	Ordinary	100%

In the opinion of the director, the value of the company's investment in subsidiary undertakings is not less than the amount included in the Balance Sheet.

The principal activities of the above Companies are disclosed in the consolidated financial statements of the ultimate parent company, Nottingham Industrial Group Limited.

¹ Registered address is 64 St. James's Street, Nottingham, United Kingdom, NG1 6FJ

² Registered address is Howes Percival Llp, 3 The Osiers Business Centre, Leicester, LE19 1DX

³ Registered address is 3 The Osiers Business Centre, Leicester, LE19 1DX

⁴ Registered address is PO Box N3994, Kings Court, Bay Street, Nassau, Bahamas.

* Indirectly owned

FORMAN HARDY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 September 2018

10. Debtors

	2018	2017
	£'000	£'000
Trade debtors	8	8
Amounts owed by Group undertakings	507	17
Other debtors	50	-
Prepayments and accrued income	1	1
	<hr/>	<hr/>
	566	26
	<hr/>	<hr/>

Amounts owed from group companies are interest free and repayable upon demand.

Amounts falling due after one year	2018	2017
Preferential dividend due	783	-
	<hr/>	<hr/>
	783	-
	<hr/>	<hr/>

11. Creditors:
Amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	27	2
Amounts owed to Group undertakings	21	24
Taxation and social security	64	59
Accruals and deferred income	35	36
Other Creditors	1,000	1,000
	<hr/>	<hr/>
	1,147	1,121
	<hr/>	<hr/>

Amounts falling due after one year	2018	2017
	£'000	£'000
Deferred tax	4,240	1,777
	<hr/>	<hr/>
	4,240	1,777
	<hr/>	<hr/>

FORMAN HARDY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 September 2018

12. Pension commitments

The company operates three separate pension schemes, one being a money purchase scheme and the other two being defined benefit schemes.

Payments made to the money purchase scheme are invested to accumulate capital sums and provide retirement, widow and death benefits. Contributions to the FHH Limited Superannuation Fund (the money purchase scheme) in the year were £Nil (2017: £Nil). Group contributions to all other schemes for the financial year have been £Nil (2017: £Nil).

Forman Hardy Holdings Limited sponsors the Forman Hardy Holdings Limited Pension Scheme ("FHHLPS") and the Forman Hardy Holdings Limited Chairman's Special Pension Trust. The valuations used for FRS 102 disclosures have been based on the most recent actuarial valuation at 31 March 2016 prepared by Punter Southall (a qualified independent actuary) using the projected unit method.

The Chairman's Special pension trust was closed during the year.

As at 31 March 2013 the FHHLPS was closed to any future accrual of benefits.

The assets of the schemes have been taken at market value and the liabilities have been calculated using the principal actuarial assumptions detailed towards the end of this note.

For the purpose of the financial statements the assets and liabilities of the two defined benefit schemes have been combined.

The amounts recognised in the Balance sheet are as follows:

	2018	2017
	£'000	£'000
Present value of funded obligations	(32,753)	(34,887)
Fair value of scheme assets	44,866	45,337
	<hr/>	<hr/>
Surplus in scheme	12,113	10,450
Surplus not recognised	-	-
	<hr/>	<hr/>
Surplus included in the balance sheet	12,113	10,450
	<hr/>	<hr/>

The pension schemes have not invested in any of the company's own financial instruments nor in properties or other assets owned by the Group.

FORMAN HARDY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 September 2018

12 Pension commitments (continued)

The amounts recognised in profit or loss are as follows:

	2018	2017
	£'000	£'000
Service cost including settlements	-	5,664
Current service cost	343	582
Interest on obligation	(268)	(336)
Total	<u>75</u>	<u>5,910</u>

Changes in the present value of the defined benefit obligation are as follows:

	2018	2017
	£'000	£'000
Opening defined benefit obligation	34,887	39,265
Interest cost	890	850
Actuarial gains	(1,739)	(499)
Benefits paid	(1,285)	(2,872)
Settlements	-	1,605
Curtailments	-	(3,462)
Closing defined benefit obligation	<u>32,753</u>	<u>34,887</u>

Changes in the fair value of scheme assets are as follows:

	2018	2017
	£'000	£'000
Opening fair value of scheme assets	45,337	56,995
Expected return	(1)	(1,869)
Interest income	1,158	1,186
Benefits paid	(1,285)	(2,872)
Scheme administration cost	(343)	(582)
Settlements	-	(7,521)
	<u>44,866</u>	<u>45,337</u>

FORMAN HARDY HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 September 2018

12. Pension commitments (continued)

The company expects to contribute £Nil (2017: £Nil) to its Defined benefit pension scheme in 2017/2018.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2018	2017
Equities	14%	15%
Bonds and Gilts	67%	67%
Cash	5.00%	7%
Alternatives	6.00%	7%
Annuities	8%	4%

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages):

	2018	2017
Discount rate at 30 September	2.7%	2.6%
Revaluation rate for deferred pensioners	2.1%	2.1%
Inflation	3.1%	3.1%
Rate of increase of salary cap	4.0%	4.0%
Life expectancy of a male / female aged 65 at end of year	23/25 years	23/25 years

Amounts for the current and previous four years are as follows:

Defined benefit pension schemes

	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(32,753)	(34,887)	(39,265)	(31,946)	(31,894)
Scheme assets	44,866	45,337	56,995	48,012	46,105
Surplus	<u>12,113</u>	<u>10,450</u>	<u>17,730</u>	<u>16,066</u>	<u>14,211</u>
Experience adjustments on scheme liabilities	-	-	-		(463)
Experience adjustments on scheme assets	-	-	-		1,991

FORMAN HARDY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 September 2017

13. Deferred taxation

The total deferred tax asset at 35% (2017: 17%) is as follows:

Provided:	2018 £'000	2017 £'000
At 30 September	4,240	1,777

A deferred tax liability of £4,239,550 (2017: £1,776,500) in relation to the pension surplus has been recognised and has been included within creditors falling due after one year. The deferred tax liability relates entirely to the pension surplus, and in the event this surplus is repaid to the company, a tax rate of 35% would apply to the repayment.

14. Called up share capital

	2018 £'000	2017 £'000
Authorised, issued and fully paid:		
6,770,924 Ordinary shares of £0.01 each	68	68
7,130,276 'A' Ordinary shares of £0.01 each	71	71
6,770,924 Ordinary shares of \$0.01 each	42	42
7,130,276 'A' Ordinary shares of \$0.01 each	45	45
	<u>226</u>	<u>226</u>

The 'A' dollar shares and ordinary dollar shares are treated as one class of share capital for the purposes of any distribution of income. The 'A' shares and the ordinary shares do not carry any rights to any distribution of profits.

On a return of capital, the amount paid up on 'A' dollar shares and the ordinary dollar shares, treated as one class of share, is in priority over paying the paid up amount on the 'A' shares and the ordinary shares, which again are treated as one class of share. Any surplus after these payments is to be distributed amongst the 'A' dollar and ordinary dollar shareholders in proportion to the amounts paid up on the shares as if they were one class of share.

The 'A' shares, ordinary shares and the 'A' dollar shares do not confer any voting rights. These shares are classified as equity shares.

15. Reserves

	Capital redemption reserve £'000	Capital Reserve £'000	Profit and loss account £'000
Balance at 1 October 2017	911	50	11,691
Loss for the year	-	-	1,074
Movement on pension scheme	-	-	(1,268)
Balance at 30 September 2018	<u>911</u>	<u>50</u>	<u>11,497</u>

FORMAN HARDY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 30 September 2018

16. Related party transactions

The company has taken advantage of the exemptions conferred by Financial Reporting Standard 102 from the requirement to make disclosures concerning related parties with the Group under the basis that consolidated financial statements are prepared by its ultimate parent company, Nottingham Industrial Group Limited.

Related party transactions with entities outside of the Group, of which N J Forman Hardy is either a shareholder or beneficiary, during the year were as follows:

	2018 £'000	2017 £'000
FH Farms Limited - Interest and management fees received	30	30
FHH Limited Pension Scheme - Management fees received	60	57
Chairman's Special Pension Trust - Management fees received	-	-
Owed to FH Farms Limited as at year end	-	-
Owed from FHH Limited Pension Scheme as at year end	-	1

At the end of the year, the company held unlisted investments of £481,292.31 (2017: £481,292.31) in the T. Bailey Growth Fund. T. Bailey Asset Management Limited manages this fund.

17. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is Nottingham Industrial Group Limited, a company registered in England and Wales which has the same registered office as the company.

As of 30 September 2018, the smallest and largest Group of undertakings of which the company was a member and for which Group financial statements will be drawn up was that headed by Nottingham Industrial Group Limited.

Copies of Nottingham Industrial Group Limited's consolidated financial statements can be obtained from 64 St. James's Street, Nottingham, United Kingdom, NG1 6FJ.

The ultimate controlling party is N J Forman Hardy.