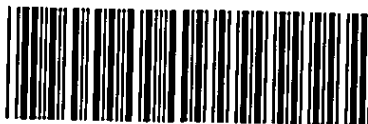


Hargreaves Properties Limited
Directors' Report and Accounts
Year Ended 24 December 2010

Company Registration No.794877 (England and Wales)

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COMPANIES HOUSE

Hargreaves Properties Limited

Company Information

Directors

N H Andrew
R Andrew
J Hazelwood
R R Andrew

Secretary

J Hazelwood

Company number

794877

Registered office

Brookfield, Lyminster Road
Lyminster
West Sussex
BN17 7QN

Business address

Rustington House
Worthing Road
Rustington
West Sussex
BN16 3PS

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Hargreaves Properties Limited

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Hargreaves Properties Limited

Directors' Report Year ended 24 December 2010

The directors present their report and accounts for the year ended 24 December 2010

Directors

The following directors have held office since 25 December 2009

N H Andrew
R Andrew
J Hazelwood
R R Andrew

Directors' statement

The directors are responsible for preparing the directors' report and accounts in accordance with applicable law and regulations

In preparing this report, the directors have taken advantage of the small companies exemption

Consistent with the company's long-standing policy of maintaining privacy, these accounts provide only such information in such form as is required by Statute and to comply with those Financial Reporting Standards and Statements of Standard Accounting Practice as are relevant, in the opinion of the directors, to the activities of the company. Consequently, these accounts do not necessarily comply with all Financial Reporting Standards and Statements of Standard Accounting Practice. In particular,

- notwithstanding that it constitutes non-compliance with SSAP 19, these accounts continue to show fixed assets at the lower of their historic cost or the directors' opinion of realisable value where their value has fallen below historic cost. However, the directors are of the opinion that the realisable value of fixed assets comfortably exceeds the amount at which they are shown in these accounts at the balance sheet date and at the date these accounts are signed
- deferred tax liabilities arising from accelerated capital allowances, in respect of investment properties, have not been provided for in accordance with FRS 19 because, in the directors' opinion, the provision of deferred taxation in full would, taking into account the policies of not revaluing, depreciating or disposing of such properties, result in an inappropriate reduction in net worth

In preparing these accounts the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume the company will continue in business

Hargreaves Properties Limited

Directors' Report

Year ended 24 December 2010

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 accounts 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.

Principal activities, business review and future developments

The company's principal business activity is property investment and development.

There has been no significant change in the company's activities during the year and the directors are satisfied with the company's trading during the year.

Dividends and appropriations

Interim dividends totalling £3 656 per share were paid on the 6th December 2010 and 22nd December 2010 (2009 £3 226) amounting to £2,266,600 (2009 £2,000,000) for the year.

Auditors

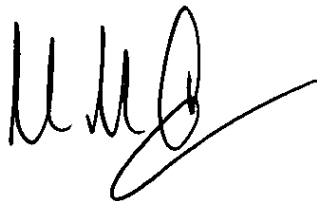
All the current directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next directors' meeting.

On behalf of the board

N H ANDREW

Director



Date 22nd September 2011

Hargreaves Properties Limited

Independent auditors' report to the members of Hargreaves Properties Limited

We have audited the financial statements of Hargreaves Properties Limited for the year ended 24 December 2010 which comprise the Profit and Loss Account, the Balance Sheet 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 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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Basis for qualified opinion on financial statements

As disclosed in note 13, the company has not revalued its investment properties. This is not in accordance with Statement of Standard Accounting Practice 19, which states that investment properties should be revalued and included in the balance sheet at their open market value. We are unable to quantify the effects of this departure.

As disclosed in notes 15 and 12, the company has not provided for its deferred tax liabilities of £45,237 (2009: £44,532). This is not in accordance with Financial Reporting Standard 19, which states that deferred tax liabilities should be fully provided.

Qualified opinion on financial statements

In our opinion, except for the effects of the matters described in the Basis for qualified opinion paragraph, the financial statements

give a true and fair view of the state of the company's affairs at 24 December 2010 and of its profit for the year then ended,
have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
have been properly prepared in accordance with the Companies Act 2006.

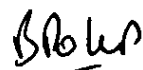
Opinion on other matters prescribed by the Companies Act 2006

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

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 requires us to report to you 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, or
the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



Michael Goldstein (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom

Date 22nd September 2011

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

Hargreaves Properties Limited

Profit and Loss Account Year ended 24 December 2010

	Notes	2010 £	2009 £
Income from investment property		4,218,138	4,346,131
Property expenses		(696,024)	(529,486)
Net income from investment property		<u>3,522,114</u>	<u>3,816,645</u>
Administrative expenses		(1,013,449)	(1,118,150)
Operating profit	2	<u>2,508,665</u>	<u>2,698,495</u>
Impairment gain/(loss) on investment property		1,143,000	(4,629,000)
Other interest receivable and similar income	3	118	967,717
Interest payable and similar charges	4	(226,732)	(426,941)
Profit/(loss) on ordinary activities before taxation		<u>3,425,051</u>	<u>(1,389,729)</u>
Tax on profit on ordinary activities	6	(172,467)	207,639
Profit/(loss) for the year after taxation	14	<u><u>3,252,584</u></u>	<u><u>(1,182,090)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

Hargreaves Properties Limited

Balance Sheet

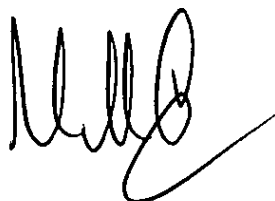
As at 24 December 2010

Company number 794877		2010		2009	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	8	24,081,091		25,390,373	
Current assets					
Debtors	9	22,162,974	19,566,887		
Cash at bank and in hand		484,505	600,773		
		<u>22,647,479</u>	<u>20,167,660</u>		
Creditors amounts falling due within one year	10	<u>(40,589,337)</u>	<u>(39,823,751)</u>		
Net current liabilities		<u>(17,941,858)</u>	<u>(19,656,091)</u>		
Total assets less current liabilities		6,139,233	5,734,282		
Creditors amounts falling due after more than one year	11	(2,573,500)	(3,174,000)		
Provisions for liabilities and charges	12	188,172	207,639		
Net assets		<u>3,753,905</u>	<u>2,767,921</u>		
Capital and reserves					
Called up share capital	13	620,000	620,000		
Profit and loss account	14	3,133,905	2,147,921		
Shareholders' funds - equity interests	15	<u>3,753,905</u>	<u>2,767,921</u>		

The accounts have been prepared in accordance with the small size regime of the Companies Act 2006, and were approved by the Board on 22nd September 2011

N H ANDREW

Director



Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2010

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards, except in the case of investment properties and deferred taxation as explained below

1.3 Tangible fixed assets (investment properties)

Freehold and long leasehold investment properties, which are valued annually by the directors, are shown in the balance sheet at cost, unless the directors consider the realisable value has fallen permanently below cost, in which case their opinion of realisable value is used and any impairment is taken to the profit and loss account

Short leasehold investment properties are depreciated on a straight line basis over the life of the lease

1.4 Fixed asset investments

Investments held as fixed assets are stated at cost less any provision for impairment in value

1.5 Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that

- deferred tax is not recognised on timing differences arising from accelerated capital allowances in respect of investment properties
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profit in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

1.6 Advance corporation tax

As a result of surplus shadow ACT in the ultimate parent undertaking, the company wrote off its surplus ACT, of £90,003 in 2005

1.7 Income from investment property

Income from investment property represents the amount receivable under operating leases by the company exclusive of value added tax, derived from its principal activity which is wholly undertaken in the United Kingdom

1.8 Dividends

Interim equity dividends are recognised when they are paid. Final equity dividends are recognised when approved by the shareholders at the Annual General Meeting

2 Operating profit

	2010	2009
	£	£
Operating profit is stated after charging		
Depreciation of leasehold property	88,150	88,150
Loss on disposal of property	15,299	-

Auditors' remuneration is borne by Hargreaves Management Limited, a fellow group company

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2010

3 Other interest receivable and similar income	2010	2009
	£	£
Other interest	<u>118</u>	<u>967,717</u>
4 Interest payable and similar charges	2010	2009
	£	£
On bank loans and overdrafts	135,377	180,522
On other loans	91,355	246,419
	<u>226,732</u>	<u>426,941</u>
5 Employees		
There were no employees during the year apart from the directors		
6 Taxation	2010	2009
	£	£
U.K. current year taxation		
U K corporation tax at 21% (2009 21%)	-	-
Additional tax charge	153,000	-
	<u>153,000</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	19,467	(207,639)
	<u>172,467</u>	<u>(207,639)</u>
	2010	2009
	£	£
The difference between the profit/(loss) at the standard rate of corporation tax in the UK and the tax assessed for the year is explained below.		
Profit/(loss) on ordinary activities before tax	<u>3,425,051</u>	<u>(1,389,729)</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21% (2009 21%)	719,261	(291,843)
<i>Effect of</i>		
Expenses not deductible for tax purposes	(218,306)	990,601
Capital allowances in excess of depreciation	(6,255)	(10,512)
Other permanent timing differences	25,165	(12,593)
Group relief claimed	(519,865)	(675,653)
<i>Current tax charge for year</i>	<u>-</u>	<u>-</u>

As a result of the policy set out in note 1 5, there are no adjustments arising from FRS19

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2010

7 Dividends			2010	2009
			£	£
Ordinary dividend				
Interim dividends declared and paid of £3 656 (2009 £3 226) per share			<u>2,266,600</u>	<u>2,000,000</u>
8 Tangible fixed assets	Freehold investment properties	Short leasehold investment properties	Long leasehold investment properties	Total
	£	£	£	£
Cost				
At 25 December 2009	10,162,199	1,481,700	13,878,699	25,522,598
Additions	100,000	-	11,167	111,167
Impairment	(85,000)	105,000	1,123,000	1,143,000
Disposals	(24,949)	-	(2,450,350)	(2,475,299)
At 24 December 2010	<u>10,152,250</u>	<u>1,586,700</u>	<u>12,562,516</u>	<u>24,301,466</u>
Depreciation				
At 25 December 2009	-	132,225	-	132,225
Charge for the year	-	88,150	-	88,150
At 24 December 2010	<u>-</u>	<u>220,375</u>	<u>-</u>	<u>220,375</u>
Net book value				
At 24 December 2010	<u>10,152,250</u>	<u>1,366,325</u>	<u>12,562,516</u>	<u>24,081,091</u>
At 24 December 2009	<u>10,162,199</u>	<u>1,349,475</u>	<u>13,878,699</u>	<u>25,390,373</u>
9 Debtors			2010	2009
			£	£
Rents receivable			24,066	11,338
Amounts owed by group undertakings			21,975,471	19,515,471
Other debtors			-	55
Prepayments and accrued income			163,437	40,023
			<u>22,162,974</u>	<u>19,566,887</u>

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2010

10 Creditors: amounts falling due within one year	2010 £	2009 £
Bank loans and overdrafts	205,000	205,000
Mortgages	395,500	395,500
Amounts owed to group undertakings	38,556,007	37,629,683
Corporation tax	153,000	-
Other taxes and social security costs	55,249	146,712
Other creditors	719,010	765,050
Accrued mortgage interest	12,793	17,056
Rents received in advance	469,209	621,680
Other accruals and deferred income	23,569	43,070
	<u>40,589,337</u>	<u>39,823,751</u>
11 Creditors: amounts falling due after more than one year	2010 £	2009 £
Mortgages	791,000	1,186,500
Bank loans	1,782,500	1,987,500
	<u>2,573,500</u>	<u>3,174,000</u>
Analysis of bank loans and mortgages		
Not wholly repayable within five years by instalments	962,500	1,167,500
Wholly repayable within five years	1,611,000	2,006,500
	<u>2,573,500</u>	<u>3,174,000</u>
Bank loans and mortgage maturity analysis		
Between one and two years	600,500	600,500
Between two and five years	1,010,500	1,406,000
In five years or more	962,500	1,167,500
	<u>2,573,500</u>	<u>3,174,000</u>

The bank loans, overdrafts and mortgages are secured by fixed charges over certain assets of this and other group companies

The bank loans and mortgages over five years carry interest rates of between 5.25% and 8% and are repayable between 2011 and 2020

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2010

12 Provisions for liabilities and charges	2010	2009
	£	£
Deferred tax		
The Company's accounting policy is set out in Note 1		
At 25 December 2009	(207,639)	-
Change in tax rate on b/fwd provision	7,317	-
Current year movement	12,150	(207,639)
Charged to profit & loss account in year	19,467	(207,639)
At 24 December 2010, representing short lease premium paid	(188,172)	(207,639)
There is an unprovided deferred tax liability of £45,237 (2009 £44,532) in relation to accelerated capital allowances		
13 Share capital	2010	2009
	£	£
Authorised		
620,000 Ordinary shares of £1 each	620,000	620,000
Allotted, called up and fully paid		
620,000 Ordinary shares of £1 each	620,000	620,000
14 Statement of movements on profit and loss account		£
Balance at 25 December 2009		2,147,921
Profit for the year		3,252,584
Dividend		(2,266,600)
Balance at 24 December 2010		3,133,905
15 Reconciliation of movements in shareholders' funds	2010	2009
	£	£
Profit/(loss) for the year	3,252,584	(1,182,090)
Dividends	(2,266,600)	(2,000,000)
Net addition to/(reduction in) shareholders' funds	985,984	(3,182,090)
Opening shareholders' funds	2,767,921	5,950,011
Closing shareholders' funds	3,753,905	2,767,921

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2010

16 Financial commitments

The company has entered into a guarantee in respect of any borrowings with Barclays Bank Plc, of twenty fellow group companies. The total borrowings of the group with the bank amounted to £nil (2009 £nil) at the balance sheet date.

Property of the company costing £2,143,724 (2009 £2,143,724) and floating charges over the company's assets have been used as security for borrowings from Barclays Bank Plc, together with property of three of its fellow group undertakings, in addition to those properties charged in respect of mortgages shown in the balance sheet.

17 Capital commitments

The company contracted to purchase a freehold property in December 2010 for a purchase price of £1,000,000 with completion in January 2011. A deposit of £100,000 was paid in December which is included within freehold investment properties additions.

18 Ultimate parent company

The directors consider that the ultimate parent company is Hargreaves Property Holdings Limited which is registered in England and Wales and is the parent of both the smallest and largest groups of which the company is a member.

19 Related party transactions

The company has paid ground rents of £91,374 (2009 £91,374) to Hargreaves Property Investments Limited, a company of which N H Andrew and R R Andrew are directors and ground rents of £1,200 (2009 £1,200) to Hargreaves Construction Company Limited 1984 Pension Scheme, a company of which J Hazelwood and R R Andrew are directors.

The company has taken advantage of the exemption allowed by FRS 8 not to disclose any transactions with entities that are included in the consolidated accounts of the ultimate parent company.