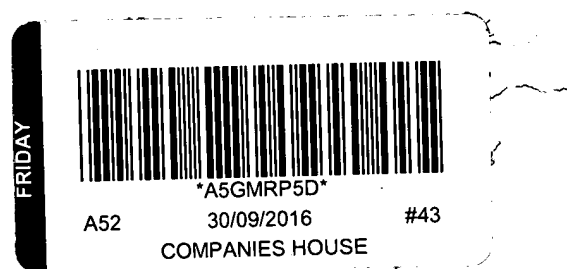


Hargreaves Properties Limited
Directors' Report and Accounts
Year Ended 24 December 2015

Company Registration No.794877 (England and Wales)



Hargreaves Properties Limited

Company Information

Directors

R Andrew
J Hazelwood
R R Andrew

Secretary

P L Hamilton

Company number

794877

Registered office

Kingston Manor
Kingston Gorse
West Sussex
BN16 1RR

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 2015

The directors present their report and accounts for the year ended 24 December 2015.

Directors

The following directors have held office since 25 December 2014.

N H Andrew (deceased 1 March 2016)

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.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the accounts 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 period.

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 historical cost or the directors' opinion of realisable value where their value has fallen below historical 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;
- 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 2015

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 £11.04838 per share were paid on the 17th June 2015, 3rd December 2015 and 24th December 2015 (2014: £1.89516) amounting to £6,850,000 (2014: £1,175,000) 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 audit 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.

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

On behalf of the board

R R ANDREW

Director

Date: 22nd September 2016

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 2015 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

Basis for qualified opinion on financial statements

As disclosed in note 1.3, the company has not revalued its investment properties. This is not in accordance with Statement of Standard Accounting Practice 19 - Accounting for Investment Properties, 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 1.5 and 12, the company has not provided for its deferred tax liabilities of £273,136 (2014: 124,066). This is not in accordance with Financial Reporting Standard 19 - Deferred Tax, which states that deferred tax liabilities should be fully provided. Provision in full would result in a reduction of profit on ordinary activities after taxation of £46,183 (2014: £46,183)

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 2015 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 and to the exemption from the requirement to prepare a strategic report.



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

Date: 30 September 2016

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 2015

	Notes	2015 £	2014 £
Income from investment property		5,607,416	5,104,440
Property expenses		(534,404)	(199,318)
Net income from investment property		<u>5,073,012</u>	<u>4,905,122</u>
Administrative expenses		(1,668,150)	(1,318,150)
Reversal of impairment loss on investment property	8	467,000	49,000
Operating profit	2	<u>3,871,862</u>	<u>3,635,972</u>
Other interest receivable and similar income	3	2,636	3,132
Interest payable and similar charges	4	(27,758)	(49,548)
Profit on ordinary activities before taxation		<u>3,846,740</u>	<u>3,589,556</u>
Tax on profit on ordinary activities	7	(272,428)	(103,503)
Profit for the year after taxation	14	<u><u>3,574,312</u></u>	<u><u>3,486,053</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.

The notes on pages 6 to 11 form part of these accounts.

Hargreaves Properties Limited

Balance Sheet As at 24 December 2015

Company number 794877		2015		2014	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	8	51,924,801		47,187,702	
Current assets					
Debtors	9	155,273	120,269		
Cash at bank and in hand		860,536	567,931		
		<u>1,015,809</u>	<u>688,200</u>		
Creditors: amounts falling due within one year	10	(47,754,079)	(38,463,177)		
Net current liabilities		<u>(46,738,270)</u>	<u>(37,774,977)</u>		
Total assets less current liabilities		5,186,531	9,412,725		
Creditors: amounts falling due after more than one year	11	-	(962,500)		
Provisions for liabilities and charges	12	125,788	137,782		
Net assets		<u>5,312,319</u>	<u>8,588,007</u>		
Capital and reserves					
Called up share capital	13	620,000	620,000		
Profit and loss account	14	4,692,319	7,968,007		
Shareholders' funds - equity interests	15	<u>5,312,319</u>	<u>8,588,007</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 2016.

R R ANDREW

Director

The notes on pages 6 to 11 form part of these accounts.

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2015

1 Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention.

The annual accounts have been prepared on the basis of the company being a going concern, notwithstanding the fact it has net current liabilities, as the holding company has agreed to provide sufficient support so as to meet the company's liabilities as they fall due.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice), 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, 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.

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2015

2 Operating profit	2015	2014
	£	£
Operating profit is stated after charging:		
Depreciation of leasehold property	<u>88,150</u>	<u>88,150</u>
Auditors' remuneration is borne by Hargreaves Management Limited, a fellow group company.		
3 Other interest receivable and similar income	2015	2014
	£	£
Other interest	<u>2,636</u>	<u>3,132</u>
4 Interest payable and similar charges	2015	2014
	£	£
On bank loans and overdrafts	2,758	49,548
Other interest	25,000	-
	<u>27,758</u>	<u>49,548</u>
5 Employees		
There were no employees during the year apart from the directors. There were no emoluments paid to the directors in the current or previous year.		
6 Dividends	2015	2014
	£	£
Ordinary dividend		
Interim dividends declared and paid of £11.04838 (2014: £1.89516) per share	<u>6,850,000</u>	<u>1,175,000</u>
7 Taxation	2015	2014
	£	£
U.K. current year taxation		
U.K. corporation tax at 20.27% (2014: 21.53%)	260,434	91,509
Current tax charge	<u>260,434</u>	<u>91,509</u>
Deferred tax		
Origination and reversal of timing differences	11,994	11,994
	<u>272,428</u>	<u>103,503</u>

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2015

7	Taxation (continued)	2015 £	2014 £
	The difference between the profit at the standard rate of corporation tax in the UK and the tax assessed for the year is explained below:		
	Profit on ordinary activities before tax	<u>3,846,740</u>	<u>3,589,556</u>
	Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.27% (2014: 21.53%)	779,569	772,885
	Effect of:		
	Income and expenses not eligible for tax purposes	(77,503)	(45,139)
	Capital allowances in excess of depreciation	(138,886)	(43,017)
	Other permanent timing differences	(12,153)	(12,913)
	Group relief claimed	(290,593)	(580,307)
	Current tax charge for year	<u>260,434</u>	<u>91,509</u>

As a result of the policy set out in note 1.5, there are no adjustments arising from FRS19.

8	Tangible fixed assets	Freehold investment properties £	Short leasehold investment properties £	Long leasehold investment properties £	Total £
	Cost				
	At 25 December 2014	33,404,761	1,586,700	12,769,216	47,760,677
	Additions	4,358,249	-	-	4,358,249
	Reversal of impairment	-	-	467,000	467,000
	At 24 December 2015	<u>37,763,010</u>	<u>1,586,700</u>	<u>13,236,216</u>	<u>52,585,926</u>
	Depreciation				
	At 25 December 2014	-	572,975	-	572,975
	Charge for the year	-	88,150	-	88,150
	At 24 December 2015	<u>-</u>	<u>661,125</u>	<u>-</u>	<u>661,125</u>
	Net book value				
	At 24 December 2015	<u>37,763,010</u>	<u>925,575</u>	<u>13,236,216</u>	<u>51,924,801</u>
	At 24 December 2014	<u>33,404,761</u>	<u>1,013,725</u>	<u>12,769,216</u>	<u>47,187,702</u>

Freehold investment properties, includes property held at cost of £432,427 (2014: £424,477) which is used as the base of operations for the group.

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2015

9 Debtors	2015 £	2014 £
Rents receivable	12,416	75,043
Prepayments and accrued income	142,857	45,226
	<u>155,273</u>	<u>120,269</u>
10 Creditors: amounts falling due within one year	2015 £	2014 £
Bank loans and overdrafts	-	205,000
Amounts owed to group undertakings	45,260,917	36,728,338
Corporation tax	260,434	91,509
Other taxes and social security costs	55,249	55,249
Other creditors	1,104,720	720,226
Rents received in advance	647,972	589,565
Other accruals and deferred income	424,787	73,290
	<u>47,754,079</u>	<u>38,463,177</u>
11 Creditors: amounts falling due after more than one year	2015 £	2014 £
Bank loans	-	962,500
	<u>-</u>	<u>962,500</u>
Analysis of bank loans and mortgages		
Not wholly repayable within five years by instalments	-	142,500
Wholly repayable within five years	-	820,000
	<u>-</u>	<u>962,500</u>
Bank loans and mortgage maturity analysis		
Between one and two years	-	205,000
Between two and five years	-	615,000
In five years or more	-	142,500
	<u>-</u>	<u>962,500</u>

The bank loans of the company were settled in full on 6th February 2015. All related charges over certain assets of the company were discharged on 17th March 2015.

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2015

12 Provisions for liabilities and charges	2015	2014
	£	£
Deferred tax		
The Company's accounting policy is set out in Note 1.		
At 25 December 2014	<u>(137,782)</u>	<u>(149,776)</u>
Current year movement	11,994	11,994
Charged to profit & loss account in year	<u>11,994</u>	<u>11,994</u>
At 24 December 2015, representing short lease premium paid	<u>(125,788)</u>	<u>(137,782)</u>
There is an unprovided deferred tax liability of £273,136 (2014: £124,066) in relation to accelerated capital allowances.		
13 Share capital	2015	2014
	£	£
Authorised		
620,000 Ordinary shares of £1 each	<u>620,000</u>	<u>620,000</u>
Allotted, called up and fully paid		
620,000 Ordinary shares of £1 each	<u>620,000</u>	<u>620,000</u>
14 Statement of movements on profit and loss account		£
Balance at 25 December 2014		7,968,007
Profit for the year		3,574,312
Dividend		(6,850,000)
Balance at 24 December 2015		<u>4,692,319</u>
15 Reconciliation of movements in shareholders' funds	2015	2014
	£	£
Profit for the year	3,574,312	3,486,053
Dividends	(6,850,000)	(1,175,000)
Net (reduction in)/addition to shareholders' funds	<u>(3,275,688)</u>	<u>2,311,053</u>
Opening shareholders' funds	8,588,007	6,276,954
Closing shareholders' funds	<u>5,312,319</u>	<u>8,588,007</u>

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2015

16 Financial commitments

The company has entered into a guarantee in respect of any borrowings with Barclays Bank Plc, of twenty fellow group companies. Property of the company costing £1,959,016 (2014: £1,959,016) has been used as security for borrowings from Barclays Bank Plc. The total borrowings of the group with the bank amounted to £nil (2014: £nil) at the balance sheet date.

The company has entered into a guarantee in respect of borrowings from Santander UK PLC by Hargreaves Property Holdings Limited, its ultimate parent company, which amounted to £9,200,000 (2014: £9,600,000) at the balance sheet date. Property of the company costing £8,425,000 (2014: £8,425,000) has been used as security against the borrowings, together with property of two (2014: two) of its fellow group undertakings.

17 Ultimate parent company

The directors consider that the parent company is Hargreaves Property Holdings Limited which is registered in England and Wales and group accounts are available from Companies House. The ultimate parent company is Hargreaves Property Holdings (2015) Limited which is registered in Guernsey.

18 Related party transactions

The company has paid ground rents of £90,987 (2014: £90,987) to Hargreaves Property Investments Limited, a company of which N H Andrew and R R Andrew are directors and ground rents of £1,000 (2014: £1,000) to Hargreaves Construction Company Limited 1984 Pension Scheme.

The company is a wholly owned subsidiary of Hargreaves Property Holdings Limited and has taken advantage of the exemption conferred by Financial Reporting Standard 8 'Related Party Disclosures' not to disclose transactions with Hargreaves Property Holdings Limited or other wholly owned subsidiaries within the group.