

Hargreaves Properties Limited
Directors' Report and Accounts
Year Ended 24 December 2013

Company Registration No.794877 (England and Wales)



Hargreaves Properties Limited

Company Information

Directors

N H Andrew
R Andrew
J Hazelwood
R R Andrew

Secretary

P Hamilton

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 2013

The directors present their report and accounts for the year ended 24 December 2013.

Directors

The following directors have held office since 25 December 2012.

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.

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 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;
- 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 2013

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 £3.80645 per share were paid on the 2nd April 2013 and 24th December 2013 (2012: £3.5081) amounting to £2,360,000 (2012: £2,175,000) 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



N H ANDREW

Director

Date: 25 September 2014

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 2013 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, 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.

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 2013 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.

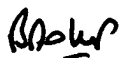
Opinion on other matters prescribed by the Companies Act 2006

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.



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

Date:  September 2014

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 2013

	Notes	2013 £	2012 £
Income from investment property		4,065,025	4,105,415
Property expenses		(230,277)	(206,619)
Net income from investment property		<u>3,834,748</u>	<u>3,898,796</u>
Administrative expenses		(1,108,150)	(1,800,462)
Operating profit	2	<u>2,726,598</u>	<u>2,098,334</u>
Impairment loss on investment property		(90,000)	(259,000)
Other interest receivable and similar income	3	689	386
Interest payable and similar charges	4	(95,086)	(474,666)
Profit on ordinary activities before taxation		<u>2,542,201</u>	<u>1,365,054</u>
Tax on profit on ordinary activities	8	(11,994)	17,740
Profit for the year after taxation	15	<u><u>2,530,207</u></u>	<u><u>1,382,794</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 2013

Company number 794877

	Notes	£	2013 £	£	2012 £
Fixed Assets					
Tangible assets	9		43,676,743		26,119,893
Current assets					
Debtors	10	185,858		122,570	
Cash at bank and in hand		537,190		500,151	
			<u>723,048</u>	<u>622,721</u>	
Creditors: amounts falling due within one year	11	(37,105,113)		(19,425,137)	
Net current liabilities			<u>(36,382,065)</u>		<u>(18,802,416)</u>
Total assets less current liabilities			7,294,678		7,317,477
Creditors: amounts falling due after more than one year	12	(1,167,500)		(1,372,500)	
Provisions for liabilities and charges	13	149,776		161,770	
Net assets			<u>6,276,954</u>		<u>6,106,747</u>
Capital and reserves					
Called up share capital	14	620,000		620,000	
Profit and loss account	15	5,656,954		5,486,747	
Shareholders' funds - equity interests	16		<u>6,276,954</u>		<u>6,106,747</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 25 September 2014.



N H 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 2013

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

	2013	2012
	£	£
Operating profit is stated after charging:		
Depreciation of leasehold property	88,150	88,150

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

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2013

3	Other interest receivable and similar income	2013	2012
		£	£
	Other interest	<u>689</u>	<u>386</u>
4	Interest payable and similar charges	2013	2012
		£	£
	On bank loans and overdrafts	57,764	66,315
	On other loans	12,322	38,756
	Other interest	25,000	369,595
		<u>95,086</u>	<u>474,666</u>
5	Employees		
	There were no employees during the year apart from the directors.		
6	Directors' Emoluments	2013	2012
		£	£
	Social security costs in respect of emoluments for prior year qualifying services	<u>-</u>	<u>732,312</u>
	The highest paid director is disclosed in the consolidated accounts of the ultimate parent company.		
7	Dividends	2013	2012
		£	£
	Ordinary dividend		
	Interim dividends declared and paid of £3.80645 (2012: £3.5081) per share	<u>2,360,000</u>	<u>2,175,000</u>
8	Taxation	2013	2012
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 20% (2012: 20%)	-	-
	U.K. prior year taxation		
	Prior year tax adjustment	-	(29,734)
	Current tax charge	<u>-</u>	<u>(29,734)</u>
	Deferred tax		
	Origination and reversal of timing differences	11,994	11,994
		<u>11,994</u>	<u>(17,740)</u>

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2013

8	Taxation (continued)	2013 £	2012 £
	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>2,542,201</u>	<u>1,365,054</u>
	Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.0% (2012: 20%)	508,440	273,011
	Effect of:		
	Income and expenses not eligible for tax purposes	6,714	116,378
	Capital allowances in excess of depreciation	(38,919)	-
	Other permanent timing differences	(11,994)	(11,994)
	Group relief claimed	(464,241)	(377,395)
	Current tax charge for year	<u>-</u>	<u>-</u>

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

9	Tangible fixed assets	Freehold investment properties £	Short leasehold investment properties £	Long leasehold investment properties £	Total £
	Cost				
	At 25 December 2012	11,802,652	1,586,700	13,127,216	26,516,568
	Additions	17,820,000	-	-	17,820,000
	Impairment	-	-	(90,000)	(90,000)
	Disposals	-	-	(85,000)	(85,000)
	At 24 December 2013	<u>29,622,652</u>	<u>1,586,700</u>	<u>12,952,216</u>	<u>44,161,568</u>
	Depreciation				
	At 25 December 2012	-	396,675	-	396,675
	Charge for the year	-	88,150	-	88,150
	At 24 December 2013	<u>-</u>	<u>484,825</u>	<u>-</u>	<u>484,825</u>
	Net book value				
	At 24 December 2013	<u>29,622,652</u>	<u>1,101,875</u>	<u>12,952,216</u>	<u>43,676,743</u>
	At 24 December 2012	<u>11,802,652</u>	<u>1,190,025</u>	<u>13,127,216</u>	<u>26,119,893</u>

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2013

10 Debtors	2013 £	2012 £
Rents receivable	20,641	33,751
Amounts owed by group undertakings	108,155	-
Prepayments and accrued income	57,062	88,819
	<u>185,858</u>	<u>122,570</u>
11 Creditors: amounts falling due within one year	2013 £	2012 £
Bank loans and overdrafts	205,000	205,000
Mortgages	-	395,500
Amounts owed to group undertakings	35,329,579	17,464,929
Other taxes and social security costs	55,249	55,249
Other creditors	677,828	679,195
Accrued mortgage interest	-	4,120
Rents received in advance	563,843	541,502
Other accruals and deferred income	273,614	79,642
	<u>37,105,113</u>	<u>19,425,137</u>
12 Creditors: amounts falling due after more than one year	2013 £	2012 £
Bank loans	1,167,500	1,372,500
	<u>1,167,500</u>	<u>1,372,500</u>
Analysis of bank loans and mortgages		
Not wholly repayable within five years by instalments	347,500	552,500
Wholly repayable within five years	820,000	820,000
	<u>1,167,500</u>	<u>1,372,500</u>
Bank loans and mortgage maturity analysis		
Between one and two years	205,000	205,000
Between two and five years	615,000	615,000
In five years or more	347,500	552,500
	<u>1,167,500</u>	<u>1,372,500</u>

Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2013

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

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 3.98% and 8% and are repayable between 2014 and 2020.

13 Provisions for liabilities and charges

	2013 £	2012 £
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Deferred tax

The Company's accounting policy is set out in Note 1.

At 25 December 2012	(161,770)	(173,764)
Current year movement	11,994	11,994
Charged to profit & loss account in year	11,994	11,994
At 24 December 2013, representing short lease premium paid	(149,776)	(161,770)

There is an unprovided deferred tax liability of £77,883 (2012: £44,657) in relation to accelerated capital allowances.

Provision for directors' emoluments (social security costs)

At 25 December 2012	-	430,088
Reversal for year	-	(430,088)
At 24 December 2013	-	-

Summary

Deferred tax as above	(149,776)	(161,770)
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14 Share capital

	2013 £	2012 £
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Authorised

620,000 Ordinary shares of £1 each	620,000	620,000
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Allotted, called up and fully paid

620,000 Ordinary shares of £1 each	620,000	620,000
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Hargreaves Properties Limited

Notes to the Accounts Year ended 24 December 2013

15 Statement of movements on profit and loss account

	£
Balance at 25 December 2012	5,486,747
Profit for the year	2,530,207
Dividend	(2,360,000)
Balance at 24 December 2013	<u>5,656,954</u>

16 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the year	2,530,207	1,382,794
Dividends	(2,360,000)	(2,175,000)
Net addition to/(reduction in) to shareholders' funds	<u>170,207</u>	<u>(792,206)</u>
Opening shareholders' funds	6,106,747	6,898,953
Closing shareholders' funds	<u>6,276,954</u>	<u>6,106,747</u>

17 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 (2012: £2,143,724) and a floating charge over the company's assets have been used as security for borrowings from Barclays Bank Plc. The total borrowings of the group with the bank amounted to £nil (2012: £nil) at the balance sheet date.

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 £90,987 (2012: £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 (2012: £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.