

Registered number: 01998904

Hat & Mitre PLC

Annual Report

For the Year Ended 31 March 2017

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Hat & Mitre PLC

Company Information

Directors	Mr M J W Kebbell Mr R L Kitchen Mr R F Thoburn Mr K Young
Company secretary	Mr J D Parsonage
Registered number	01998904
Registered office	Abbot's Court 34 Farringdon Lane London EC1R 3AX
Independent auditors	Kreston Reeves LLP Chartered Accountants and Statutory Auditors Third Floor 24 Chiswell Street London EC1Y 4YX
Bankers	Bank of Scotland PLC 25 Gresham Street London EC2V 7HN
Solicitors	Kingsley Napley LLC Knights Quarter 14 St John's Lane London EC1M 4AJ

Hat & Mitre PLC

Contents

	Page
Directors' Report	1 - 2
Strategic Report	3
Independent Auditors' Report	4 - 5
Profit and Loss Account	6
Balance Sheet	7
Statement of Changes in Equity	8
Cash Flow Statement	9
Notes to the Financial Statements	10 - 19

Hat & Mitre PLC

Directors' Report For the Year Ended 31 March 2017

The directors present their Annual Report and the financial statements for the year ended 31 March 2017.

Statement of directors' responsibilities

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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom 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 period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

Results and Dividends

The profit for the financial year amounted to £226,026 (2016: £2,084,032).

The directors have declared or proposed the following dividends:

Ordinary dividends

	2017	2016
	£	£
Final dividend in respect of 2015/2016 financial year	175,000	125,000
Interim dividend	175,000	100,000
	<u>350,000</u>	<u>225,000</u>

Directors

The directors who served during the year were:

Mr M J W Kebbell
Mr R L Kitchen
Mr R F Thoburn
Mr K Young

Hat & Mitre PLC

**Directors' Report (continued)
For the Year Ended 31 March 2017**

Statement of disclosure of information to auditors

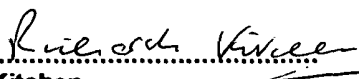
Each of the persons who is a director at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Kreston Reeves LLP, have indicated their willingness to continue in office and a resolution on their reappointment will be proposed at the annual general meeting.

This report was approved by the board on 22/9/2017 and signed on its behalf.


.....
R L Kitchen
Director

Hat & Mitre PLC

Strategic Report For the Year Ended 31 March 2017

The directors present their Company strategic report for the year ended 31 March 2017.

Business review

The principal activity of the Company is the provision of consultancy services and office accommodation.

Principal risks and uncertainties

The Company, in its capacity as a London property owner, is exposed to fluctuations in the London commercial property market. The Company is also exposed to volatility in the consultancy market.

Results and key performance indicators (KPI's)

The directors monitor the financial performance of the Company by reference to the following financial KPI's

- Turnover
- Operating profit
- Net assets and shareholders' funds; and
- Cash flow

Turnover

Turnover for the year of £696,624 represents a £91,062 (12%) decrease on the prior year (2016: £787,686). This is in line with directors' expectations.

Operating profit

The results of the Company for the year, as set out on page 6, show an operating profit of £290,026 (2016: £2,591,889). This is in line with directors' expectations.

Net assets/shareholders' funds

The net assets/shareholders' funds of the Company decreased by £123,974 to £5,845,135 (2016: £5,969,109). The decrease in shareholders' funds is represented by the profit for the financial year of £226,026 less dividends of £350,000. This is in line with directors' expectations

Cash Flow

The cash flow statement for the Company is set out on page 9. Cash and cash equivalents have decreased by £168,124 in the year. Net funds at 31 March 2017 totalled £8,032 (2016: £176,156).

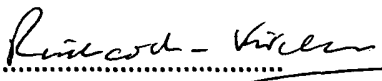
Current business environment and future developments

The business environment remains positive and the directors remain confident the Company will maintain turnover and gross profit in the forthcoming year.

This report was approved by the board on

22/9/2017

and signed on its behalf.


.....
R L Kitchen
Director

Hat & Mitre PLC

Independent Auditors' Report to the Shareholders of Hat & Mitre PLC

We have audited the financial statements of Hat & Mitre PLC for the year ended 31 March 2017, set out on pages 6 to 19. 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

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 Auditors' 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 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matter Prescribed by the Companies Act 2006

In our opinion 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 our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

Hat & Mitre PLC

Independent Auditors' Report to the Shareholders of Hat & Mitre PLC (continued)

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.

Kreston Reeves LLP

Andrew Griggs BA FCA CF (Senior Statutory Auditor)
for and on behalf of
Kreston Reeves LLP
Chartered Accountants and Statutory Auditors
Third Floor
24 Chiswell Street
London
EC1Y 4YX

Date: 27th September 2017

Hat & Mitre PLC

Profit and Loss Account For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover	2.2,4	696,624	787,686
Cost of sales		(276,028)	(236,197)
Gross profit		420,596	551,489
Administrative expenses		(130,570)	(142,850)
Revaluation gain on investment property	11	-	2,183,250
Operating profit and profit on ordinary activities before taxation	5	290,026	2,591,889
Tax on profit on ordinary activities	9	(64,000)	(507,857)
Profit for the financial year		226,026	2,084,032

There were no recognised gains and losses for the year other than those included in the profit and loss account.

All amounts relate to continuing operations.

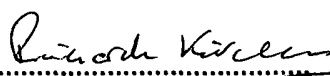
The notes on pages 10 to 19 form part of these financial statements.

Hat & Mitre PLC
Registered number: 01998904

Balance Sheet
As at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	20,431	21,600
Investment property	11	6,549,410	6,548,000
		<u>6,569,841</u>	<u>6,569,600</u>
Current assets			
Debtors	12	223,075	162,634
Cash at bank and in hand		8,032	176,156
		<u>231,107</u>	<u>338,790</u>
Creditors: amounts falling due within one year	13	(156,448)	(139,916)
Net current assets		<u>74,659</u>	<u>198,874</u>
Total assets less current liabilities		<u>6,644,500</u>	<u>6,768,474</u>
Provisions for liabilities	14	(799,365)	(799,365)
		<u>(799,365)</u>	<u>(799,365)</u>
Net assets		<u><u>5,845,135</u></u>	<u><u>5,969,109</u></u>
Capital and reserves			
Called up share capital	15	50,000	50,000
Non-distributable reserve	17	4,117,938	4,117,938
Profit and loss account	17	1,677,197	1,801,171
Shareholders' funds		<u><u>5,845,135</u></u>	<u><u>5,969,109</u></u>

The financial statements on pages 6 to 19 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:



R L Kitchen
 Director

Date: 22/3/2017

The notes on pages 10 to 19 form part of these financial statements.

Hat & Mitre PLC

Statement of Changes in Equity For the Year Ended 31 March 2017

	Called up share capital	Non- distributable reserve	Profit and loss account	Shareholders' funds
	£	£	£	£
At 1 April 2016	50,000	4,117,938	1,801,171	5,969,109
Profit for the financial year	-	-	226,026	226,026
Dividends paid on equity capital	-	-	(350,000)	(350,000)
At 31 March 2017	50,000	4,117,938	1,677,197	5,845,135

Statement of Changes in Equity For the Year Ended 31 March 2016

	Called up share capital	Non- distributable reserve	Profit and loss account	Shareholders' funds
	£	£	£	£
At 1 April 2015	50,000	2,363,560	1,696,517	4,110,077
Profit for the financial year	-	1,754,378	329,654	2,084,032
Dividends paid on equity capital	-	-	(225,000)	(225,000)
At 31 March 2016	50,000	4,117,938	1,801,171	5,969,109

The notes on pages 10 to 19 form part of these financial statements.

Hat & Mitre PLC

Cash Flow Statement For the Year Ended 31 March 2017

	2017 £	2016 £
Reconciliation of profit for the financial year to net cash generated from operating activities		
Profit for the financial year	226,026	2,084,032
Adjustments to reconcile profit for the financial year to net cash generated from operating activities		
Depreciation of tangible assets	3,101	2,888
Corporation tax payable	64,000	78,985
(Increase)/decrease in debtors	(40,411)	4,482
Increase in amounts owed by related parties	(20,030)	(156,157)
Increase in creditors	8,496	3,311
(Decrease)/increase in amounts owed to related parties	(964)	1,591
Increase in provision for liabilities	-	428,872
Revaluation gain on investment property	-	(2,183,250)
Corporation tax paid	(55,000)	(89,493)
Net cash generated from operating activities	185,218	175,261
Cash flows from investing activities		
Purchase of tangible assets	(1,932)	(2,767)
Additions to investment property	(1,410)	(14,750)
Net cash used in investing activities	(3,342)	(17,517)
Cash flows from financing activities		
Dividends paid on equity capital	(350,000)	(225,000)
Net cash used in financing activities	(350,000)	(225,000)
Net decrease in cash and cash equivalents	(168,124)	(67,256)
Cash and cash equivalents at beginning of year	176,156	243,412
Cash and cash equivalents at the end of year	8,032	176,156
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	8,032	176,156

The notes on pages 10 to 19 form part of these financial statements.

Hat & Mitre PLC

Notes to the Financial Statements For the Year Ended 31 March 2017

1. General Information

The Company is an unquoted PLC, incorporated and domiciled in England & Wales. The Company's registered office is Abbot's Court, 34 Farringdon Lane, London, EC1R 3AX.

2. Accounting Policies

2.1 Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards including Financial Reporting Standard 102, (FRS 102): 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland', and the Companies Act 2006. These financial statements have been prepared under the historical cost convention as modified by the revaluation of the investment property.

The Company's functional currency is Sterling (£). The financial statements are presented in Sterling (£).

2.2 Turnover

Turnover comprises rental income and management charges, exclusive of Value Added Tax.

2.3 Tangible Assets and Depreciation

Tangible assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	10-33% straight line
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2.4 Investment Property

The investment property is measured at fair value with changes in fair value recognised in the profit and loss account and the non-distributable reserve. No depreciation is provided on the investment property.

2.5 Financial Instruments

When a financial asset or financial liability is recognised initially, it is measured at its fair value (which is normally the transaction price excluding transaction costs). At the end of each reporting period, any changes in the fair value of the financial assets or financial liabilities will be recognised in the profit and loss account.

2.6 Pensions

Defined Contribution Pension Plan

The Company operates a defined contribution pension plan for its employees. Contributions to the defined contribution pension plan are recognised as an expense in the period in which they are incurred.

**Notes to the Financial Statements
For the Year Ended 31 March 2017**

2. Accounting Policies (continued)

2.7 Current and Deferred Taxation

Current tax is recognised for the amount of corporation tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting 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.

Deferred tax assets and liabilities are not discounted.

3. Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

In the application of the Company's accounting policies, which are described in Note 2, the directors are required to make judgements, estimates and assumptions which affect the reported amounts of assets, liabilities, revenues and expenses. The directors base their judgements, estimates and assumptions on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates under different judgements or assumptions.

The judgements, estimates and assumptions used by the Company are reviewed on an ongoing basis by the directors. Revisions to these judgements, estimates and assumptions are recognised in the profit and loss account in the period in which they are revised.

There were no revisions to judgements, estimates and assumptions in the current or the prior year.

4. Turnover

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

	2017 £	2016 £
Rent receivable	312,000	318,000
Management charges	384,624	469,686
	<u>696,624</u>	<u>787,686</u>

All turnover arose within the United Kingdom.

Hat & Mitre PLC

Notes to the Financial Statements For the Year Ended 31 March 2017

5. Operating Profit and Profit on Ordinary Activities before Taxation

The operating profit and profit on ordinary activities before taxation is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	<u>3,101</u>	<u>2,888</u>

6. Auditors' Remuneration

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	6,350	4,500
Fees payable to the Company's auditor and its associates in respect of:		
Taxation compliance services	750	750
Other accounting services	<u>150</u>	<u>1,500</u>

7. Staff costs

Staff costs during the year (including directors) were:

	2017 £	2016 £
Wages and salaries	283,529	239,477
Social security costs	<u>37,730</u>	<u>30,400</u>
	<u>321,259</u>	<u>269,877</u>

Pension payments recognised as an expense during the year amounted to £Nil (2016: £Nil).

There were no pension payments in the current year as all employees are over the state pension age and did not opt into the Company's defined contribution pension plan.

The average monthly number of persons employed by the Company (including directors) was:

	2017 No.	2016 No.
Management	4	4
Supervision and administration	1	1
	<u>5</u>	<u>5</u>

Hat & Mitre PLC

**Notes to the Financial Statements
For the Year Ended 31 March 2017**

8. Directors' Remuneration

	2017	2016
	£	£
Emoluments	251,011	215,709

The amounts set out above include remuneration of the highest paid director as follows:

	2017	2016
	£	£
Emoluments	251,011	215,709

Hat & Mitre PLC

Notes to the Financial Statements For the Year Ended 31 March 2017

9. Tax on Profit on Ordinary Activities

	2017 £	2016 £
Current taxation		
UK corporation tax charge on profit for the year	64,000	78,985
Deferred taxation		
Deferred taxation on revaluation gain on the investment property	-	428,872
Tax on profit on ordinary activities	64,000	507,857

Factors affecting tax charge for the year

Current taxation

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016:20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before taxation	<u>290,026</u>	<u>408,639</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	58,005	81,728
Effects of:		
Capital allowances for year in excess of depreciation	(71)	(2,743)
Other adjustments	<u>6,006</u>	<u>-</u>
Current taxation	64,000	78,985
Deferred taxation		
Deferred taxation on revaluation gain on the investment property	-	428,872
Deferred taxation	-	428,872
Tax on profit on ordinary activities (see note above)	64,000	507,857

Hat & Mitre PLC

**Notes to the Financial Statements
For the Year Ended 31 March 2017**

10. Tangible Assets

	Fixtures & fittings £
Cost	
At 1 April 2016	228,723
Additions	1,932
At 31 March 2017	230,655
Depreciation	
At 1 April 2016	207,123
Charge for the year	3,101
At 31 March 2017	210,224
Net book value	
At 31 March 2017	20,431
At 31 March 2016	21,600

Hat & Mitre PLC

Notes to the Financial Statements For the Year Ended 31 March 2017

11. Investment Property

**Freehold
property
£**

Valuation

At 1 April 2016	6,548,000
Additions at cost	1,410
At 31 March 2017	<u>6,549,410</u>

The Investment Property was revalued by Hickman Shearer on 16 July 2015 on an open market value for existing use basis in accordance with the RICS appraisal and valuation model.

The directors do not consider there are any material changes to this valuation in the current year.

Revaluation gain on investment property

	2017 £	2016 £
Revaluation gain on investment property	-	2,183,250
Deferred taxation on revaluation gain on investment property	<u>-</u>	<u>(428,827)</u>
Revaluation gain on investment property recognised in the non-distributable reserve	<u>-</u>	<u>1,754,378</u>

If the Investment property had been included at valuation it would have been included under the historic cost convention as follows:

	2017 £	2016 £
Cost	1,632,107	1,630,697
Accumulated depreciation	<u>-</u>	<u>-</u>
	<u>1,632,107</u>	<u>1,630,697</u>

12. Debtors

	2017 £	2016 £
Amounts owed by related parties	176,187	156,157
Other debtors	39,337	93
Prepayments and accrued income	7,551	6,384
	<u>223,075</u>	<u>162,634</u>

Hat & Mitre PLC

Notes to the Financial Statements For the Year Ended 31 March 2017

13. Creditors: Amounts falling due within one year

	2017 £	2016 £
Trade creditors	3,674	2,980
Amounts owed to related parties	627	1,591
Corporation tax	42,533	33,533
Other taxation and social security	3,777	19,162
Accruals and deferred income	105,837	82,650
	<u>156,448</u>	<u>139,916</u>

14. Provision for Liabilities

Deferred
taxation
£

At 1 April 2016 and 31 March 2017

799,365

The provision for liabilities represents the deferred taxation provision on the revaluation gain on the investment property.

15. Called Up Share Capital

	2017 £	2016 £
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Called up share capital represents the nominal value of shares that have been issued.

Hat & Mitre PLC

Notes to the Financial Statements For the Year Ended 31 March 2017

16. Dividends

	2017 £	2016 £
Dividends paid on equity capital	<u>350,000</u>	<u>225,000</u>

17. Reserves

Non-distributable reserve

The non-distributable reserve is used to record the revaluation gains on the investment property, less any related provision for deferred taxation.

Profit & loss account

The profit and loss account comprises all current and prior period retained profits and losses.

18. Related Party Transactions

	2017 £	2016 £
Sales to a company under common control	696,624	787,686
Purchases from a company under common control	15,679	16,104
Trade debtors amounts due from a company under common control	176,187	156,157
Trade creditors amounts due to a company under common control	627	1,591
Dividends paid to directors	<u>307,300</u>	<u>197,550</u>

Hat & Mitre PLC

Notes to the Financial Statements For the Year Ended 31 March 2017

19. Financial Assets and Liabilities

The balance sheet values of financial assets and financial liabilities are:

	2017 £	2016 £
Financial Assets		
Financial assets measured at fair value through the profit or loss account	<u>215,524</u>	<u>156,250</u>
Financial Liabilities		
Financial liabilities measured at fair value through the profit and loss account	<u>(32,138)</u>	<u>(10,721)</u>

The balance sheet values of financial assets and financial liabilities are not materially different to their fair values.

20. Financial Risk Management

The main risk arising from the Company's financial statements is liquidity risk. The Board of Directors review and agree the policies for managing this risk, which is summarised below.

The Company's policy throughout the year has been that no trading in financial instruments nor their derivatives shall be undertaken.

Liquidity Risk

The Company ensures the levels of cash and liquid resources on the Company's balance sheet are at all times safely in excess of expected liabilities. The Board of Directors do not at present consider that it is necessary to adopt a detailed borrowings policy as there are sufficient funds available within the current facilities. At the balance sheet date all liabilities were due within one year.

21. Controlling Party

The Company is controlled by M J W Kebbell by virtue of his majority holding in the share capital of the Company.