

Registered number: 02677991

I.M. PROPERTIES FINANCE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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I.M. PROPERTIES FINANCE LIMITED

COMPANY INFORMATION

DIRECTORS	J Hammond T Wooldridge G Hutton A Clarke
COMPANY SECRETARY	R Croft
REGISTERED NUMBER	02677991
REGISTERED OFFICE	I.M. House South Drive Coleshill Birmingham B46 1DF
INDEPENDENT AUDITOR	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA

I.M. PROPERTIES FINANCE LIMITED

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I.M. PROPERTIES FINANCE LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

RESULTS AND DIVIDENDS

The statement of income and retained earnings is set out on page 5 and shows the loss for the year.

An interim dividend of £32,000,000 was paid during the year (2015 - £nil). The directors do not recommend the payment of a final dividend.

DIRECTORS

The directors who served during the year were:

J Hammond
T Wooldridge
G Hutton
A Clarke

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' 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). 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;
- 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 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.

POST BALANCE SHEET EVENTS

There have been no significant events affecting the company since the year end.

I.M. PROPERTIES FINANCE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

AUDITORS

All of the current directors have taken all the steps that 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 annual general meeting, in accordance with section 485 of the Companies Act.

In preparing this directors' report advantage has been taken of the small companies' exemption.

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



A Clarke
Director

Date 31/5/17

I.M. PROPERTIES FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF I.M. PROPERTIES FINANCE LIMITED

We have audited the financial statements of I.M. Properties Finance Limited for the year ended 31 December 2016 which comprise of the statement of income and retained earnings, 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 AUDITOR

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

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 December 2016 and of its profit or loss 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 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 and the directors' report has been prepared in accordance with applicable legal requirements.

Based on our knowledge and understanding of the company and its environment obtained during the course of the audit we have identified no material misstatements in the directors' report.

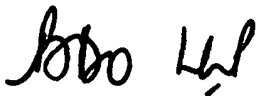
I.M. PROPERTIES FINANCE LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF I.M. PROPERTIES FINANCE LIMITED
(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; 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.



John Everingham (senior statutory auditor)
for and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

Date

2 June 2017

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

I.M. PROPERTIES FINANCE LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Cost of sales		-	(37)
Gross profit/(loss)		-	(37)
Administrative expenses		(149)	(117)
Other operating (charges)/income		(430,686)	424,068
Operating (loss)/profit	3	(430,835)	423,914
Income from fixed assets investments	4	46,000,000	-
Interest receivable and similar income	5	248,690	471,406
Interest payable and similar charges	6	(48,781)	(708,024)
(Loss)/profit on ordinary activities before taxation		45,769,074	187,296
Taxation on (loss)/profit on ordinary activities	7	47,247	(38,808)
(Loss)/profit for the year and total comprehensive income		45,816,321	148,488
Retained earnings at the beginning of the year		(12,000,067)	(12,148,555)
Profit for the year		45,816,321	148,488
Dividends paid		(32,000,000)	-
Retained earnings at the end of the year		1,816,254	(12,000,067)

The notes on pages 7 to 15 form part of these financial statements.

I.M. PROPERTIES FINANCE LIMITED
REGISTERED NUMBER: 02677991

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	9	<u>21,937,065</u>	<u>21,937,065</u>
		21,937,065	21,937,065
Current assets			
Debtors: amounts falling due within one year	10	-	29,927
Current liabilities			
Creditors: amounts falling due within one year	11	<u>(11,120,811)</u>	<u>(24,967,059)</u>
Net current liabilities		<u>(11,120,811)</u>	<u>(24,937,132)</u>
Net assets/(liabilities)		<u>10,816,254</u>	<u>(3,000,067)</u>
Capital and reserves			
Called up share capital	14	9,000,000	9,000,000
Retained earnings		<u>1,816,254</u>	<u>(12,000,067)</u>
		<u>10,816,254</u>	<u>(3,000,067)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


G Hutton
 Director

Date **31/05/2017**

The notes on pages 7 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The accounts are drawn up to the nearest whole £, except where otherwise indicated.

The following principal accounting policies have been applied:

1.2 CONSOLIDATED FINANCIAL STATEMENTS

The financial statements contain information about I.M. Properties Finance Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in EEA group accounts of a larger group.

1.3 FINANCIAL REPORTING STANDARD 102 - REDUCED DISCLOSURE EXEMPTIONS

The company meets the definition of a qualifying entity under Financial Reporting Standard 100. The company has taken advantage of the disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" for the following disclosures:

- Statement of Cash Flows and related notes;
- Comparative period reconciliation for share capital and investments;
- Key management personnel remuneration.

This information is included in the consolidated financial statements of I.M. Properties Plc as at 31 December 2016 and these financial statements may be obtained from Companies House.

1.4 TURNOVER

Turnover comprises of rents receivable less value added tax.

1.5 VALUATION OF INVESTMENTS

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (CONTINUED)

1.6 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. For financial assets, if objective evidence of impairment is found, an impairment loss is recognised in the profit and loss.

Derivatives are initially recognised as fair value on the date the derivative contract is entered into and are subsequently re-measured to fair value at each reporting date. Fair value gains and losses are recognised in profit or loss.

1.7 DIVIDENDS

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.8 CURRENT AND DEFERRED TAXATION

The charge for taxation is based on the profits for the year and takes into account taxation deferred.

Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

1.9 FOREIGN CURRENCY

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

1.10 INTEREST RATE SWAP PREMIUM

Interest rate swap premiums received are initially recognised within other creditors and are credited to the profit and loss account over the life of the agreement.

I.M. PROPERTIES FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

1. ACCOUNTING POLICIES (CONTINUED)**1.11 RESERVES**

Share capital represents the nominal value of shares in issue.

Retained earnings is the cumulative comprehensive income less items recognised in other equity reserves.

**2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

In preparing the financial statements, the directors have made the following judgement:

- determine whether there are any indications of impairment of the investments in group undertakings. Factors taken into consideration in reaching such a decision include the financial position and the expected future financial performance of that entity.

3. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:

	2016 £	2015 £
(Loss)/gain on foreign exchange	<u>(430,686)</u>	<u>424,068</u>

The auditors' remuneration is borne by another group company.

The emoluments of the directors, the only employees of the company, are borne by I.M. Properties Plc, the parent company, and are shown in those company's accounts.

It is not practicable to split the directors' remuneration across each company in the group.

4. INCOME FROM INVESTMENTS

	2016 £	2015 £
Dividends received from group undertakings	<u>46,000,000</u>	<u>-</u>

I.M. PROPERTIES FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £	2015 £
Fair value movement on derivative instrument	<u>248,690</u>	<u>471,406</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank loans	<u>48,781</u>	<u>708,024</u>

7. TAXATION

	2016 £	2015 £
Corporation tax		
Adjustments in respect of previous periods	(2)	-
Group taxation relief	(56,775)	21,980
Total current tax	<u>(56,777)</u>	<u>21,980</u>
Deferred tax		
Origination and reversal of timing differences	9,530	16,828
Taxation on (loss)/profit on ordinary activities	<u>(47,247)</u>	<u>38,808</u>

I.M. PROPERTIES FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

7. TAXATION (CONTINUED)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>45,769,074</u>	<u>187,296</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	9,153,815	37,927
Effects of:		
Adjustments to tax charge in respect of prior periods	(2)	-
Income not taxable	(9,200,000)	-
Impact of different deferred tax rates	(1,060)	881
Total tax (credit)/charge for the year	<u>(47,247)</u>	<u>38,808</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

8. DIVIDENDS

	2016 £	2015 £
An interim dividend of £3.56 (2015 - £nil) per share was paid during the year	<u>32,000,000</u>	<u>-</u>

I.M. PROPERTIES FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

9. FIXED ASSET INVESTMENTS

	Group undertakings £
Cost	
At 1 January and 31 December 2016	21,937,065

SUBSIDIARY UNDERTAKINGS

Subsidiary undertakings	Country of incorporation or registration	Class of share capital held	Proportion of share capital held %	Nature of business
Meaujo (Properties) Plc	England & Wales	Ordinary	100	Property investment and development
I.M. Properties Investment Limited*	England & Wales	Ordinary	100	Property investment and development
I.M. Properties (Maidenhead) Limited*	England & Wales	Ordinary	100	Property investment
I.M. Property Estates Limited*	England & Wales	Ordinary	100	Property investment and development
Yorkshire Property Holdings Limited*	England & Wales	Ordinary	100	Property investment
I.M. Properties (WHB) Limited*	England & Wales	Ordinary	100	Property investment
I.M. Properties Development Limited*	England & Wales	Ordinary	100	Property development
First Residential Investment Limited*	England & Wales	Ordinary	100	Holding company
Residential Property Reversions Limited*	England & Wales	Ordinary	100	Property investment
I.M. Properties (Magna Park) Limited*	England & Wales	Ordinary	100	Property investment
I.M. Assured Growth and Exit Plc*	England & Wales	Ordinary	100	Property investment
I.M. Property Trading Limited*	England & Wales	Ordinary	100	Property investment
I.M. Property (Logistics) Limited	England & Wales	Ordinary	100	Property investment
I.M. Properties (Bristan) Limited*	England & Wales	Ordinary	100	Property investment
Huris (Coventry) Limited*	Cayman Islands	Ordinary	100	Property investment
IMP Strategic Land Limited*	England & Wales	Ordinary	100	Property development
I.M. Land Limited*	England & Wales	Ordinary	100	Property development
I.M. Properties Birmingham Development Limited*	England & Wales	Ordinary	100	Property development

The subsidiary undertakings marked * are held indirectly.

I.M. PROPERTIES FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

10. DEBTORS

	2016 £	2015 £
Prepayments and accrued income	-	20,397
Deferred taxation	-	9,530
	<u>-</u>	<u>29,927</u>

All amounts shown under debtors fall due for payment within one year, except for the deferred tax asset of £nil (2015 - £9,530) due after more than one year.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Bank loans	-	8,012,525
Amounts owed to group undertakings	11,120,811	16,700,081
Accruals and deferred income	-	5,763
Financial instruments	-	248,690
	<u>11,120,811</u>	<u>24,967,059</u>

The loan was secured over the properties of fellow subsidiaries. I.M. Properties Plc had given a guarantee to the bank in respect of the loan. The loan was repaid in full in the year.

12. FINANCIAL INSTRUMENTS

	2016 £	2015 £
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss held as part of a trading portfolio	-	248,690
Financial liabilities measured at amortised cost	11,120,811	24,718,369
	<u>11,120,811</u>	<u>24,967,059</u>

Financial liabilities measured at amortised cost comprise of loans, accruals and amounts owed to group undertakings.

Derivative financial instruments designated as hedges of variable interest rate risk comprise of interest rate swaps.

I.M. PROPERTIES FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

13. DEFERRED TAXATION

	2016 £
At beginning of year	9,530
Charged to profit or loss	(9,530)
At end of year	-

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	-	9,530

14. SHARE CAPITAL

	2016 £	2015 £
Allotted, called up and fully paid		
9,000,000 Ordinary shares of £1 each	9,000,000	9,000,000

I.M. PROPERTIES FINANCE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

15. RELATED PARTY DISCLOSURES

The company is controlled by I.M. Properties Plc, which owns 100% of the issued share capital. The company's ultimate controlling party is Lord Edmiston who has the control of the majority of the issued share capital of I.M. Group Limited, the ultimate parent company at the year end.

The company is a wholly owned subsidiary of I.M. Group Limited and has taken advantage of the exemption conferred by FRS 102 paragraph 33.1A not to disclose transactions with I.M. Group Limited or other wholly owned subsidiaries within the group.

16. ULTIMATE PARENT COMPANY AND PARENT UNDERTAKING OF LARGER GROUP

The company is a subsidiary of I.M. Group Limited which is the ultimate parent company incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by I.M. Group Limited, incorporated in England and Wales. The smallest group in which they are consolidated is that headed by I.M. Properties Plc, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

17. GOING CONCERN

The financial statements have been drawn up on a going concern basis which assumes the continued support of the parent company, I.M. Properties Plc, for a period of at least 12 months from the date of approval of these financial statements. The directors have received written confirmation from I.M. Properties Plc that such support will continue to be made available, and on this basis have determined that the company will continue as a going concern.