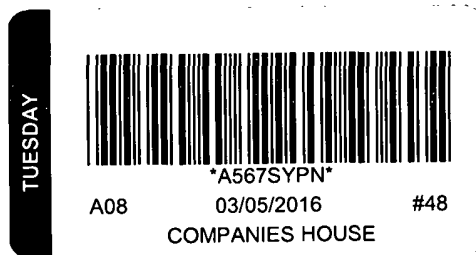


**West Waterloo Development Limited**  
**Financial statements**  
**30 September 2015**



# **West Waterloo Development Limited**

## **Financial statements**

**Year ended 30 September 2015**

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# **West Waterlooville Developments Limited**

## **Officers and professional advisers**

<b>The board of directors</b>	Andrew R Cunningham Nick P On Nicholas M F Jopling Mark Greenwood
<b>Company secretary</b>	Michael P Windle
<b>Registered office</b>	Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE
<b>Auditor</b>	KPMG LLP Quayside House 110 Quayside Newcastle Upon Tyne NE1 3DX
<b>Bankers</b>	Barclays Bank Plc Barclays House 5 St Ann's Street Quayside Newcastle Upon Tyne NE1 2BH
<b>Solicitors</b>	Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE99 1SB

# **West Waterlooville Developments Limited**

## **Directors' report**

**Year ended 30 September 2015**

The directors present their report and the financial statements of the company for the year ended 30 September 2015.

### **Principal activities**

The principal activity of the company during the year was property development and trading. The directors do not recommend the payment of a dividend (2014: £nil).

### **Directors**

The directors who served the company during the year were as follows:

Andrew R Cunningham  
Nick P On  
Nicholas M F Jopling  
Mark Greenwood

### **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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements 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; and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

### **Auditor**

KPMG LLP were appointed as auditor during the year, and are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

# **West Waterloo Development Limited**

**Directors' report** *(continued)*

**Year ended 30 September 2015**

## **Small company provisions**

The directors' report has been prepared taking advantage of the small companies' exemption under section 415A of the Companies Act 2006.

By order of the board

A handwritten signature in black ink, appearing to read 'M. Windle', with a stylized flourish at the end.

Michael P Windle  
Company Secretary

Approved by the directors on 22 December 2015

**Independent auditor's report to the members of  
West Waterlooille Developments Limited**

We have audited the financial statements of West Waterlooille Developments Limited for the year ended 30 September 2015 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 Directors' Responsibilities Statement, set out on page 2, 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**

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](http://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 30 September 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK 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**

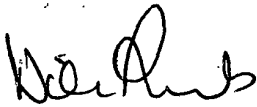
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of  
West Waterlooville Developments 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 take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Nick Plumb (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
Quayside House  
110 Quayside  
Newcastle Upon Tyne  
NE1 3DX

22 December 2015

# West Waterlooville Developments Limited

## Profit and loss account

Year ended 30 September 2015

	Note	2015 £	2014 £
<b>Turnover</b>	<b>2</b>	<b>1,609,307</b>	19,524
Cost of sales		(1,609,632)	(652)
<b>Gross (loss)/profit</b>		<b>(325)</b>	18,872
Administrative expenses		(1,471,568)	(23,499)
Other operating income	<b>3</b>	<b>249,997</b>	249,000
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(1,221,896)</b>	244,373
Interest receivable		25	931
Interest payable and similar charges	<b>8</b>	<b>(2,472,881)</b>	(2,207,634)
<b>Loss on ordinary activities before taxation</b>		<b>(3,694,752)</b>	(1,962,330)
Tax on loss on ordinary activities	<b>5</b>	<b>757,424</b>	431,713
<b>Loss for the financial year</b>	<b>12</b>	<b>(2,937,328)</b>	(1,530,617)

All of the activities of the company are classed as continuing.

### Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £2,937,328 attributable to the shareholders for the year ended 30 September 2015 (2014 - loss of £1,530,617).

The notes on pages 8 to 11 form part of these financial statements.



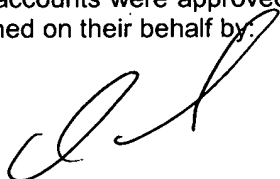
# West Waterlooville Developments Limited

## Balance sheet

30 September 2015

	Note	2015 £	2014 £
<b>Current assets</b>			
Stocks	6	58,588,512	47,475,152
Debtors	7	120,025	653,891
		<u>58,708,537</u>	<u>48,129,043</u>
<b>Creditors: Amounts falling due within one year</b>	8	<u>(47,708,197)</u>	<u>(34,191,375)</u>
<b>Net current assets</b>		<u>11,000,340</u>	<u>13,937,668</u>
<b>Total assets less current liabilities</b>		<u>11,000,340</u>	<u>13,937,668</u>
<b>Capital and reserves</b>			
Called-up equity share capital	11	19,900,001	19,900,001
Profit and loss account	12	(8,899,661)	(5,962,333)
<b>Shareholders' funds</b>	13	<u>11,000,340</u>	<u>13,937,668</u>

These accounts were approved by the directors and authorised for issue on 22 December 2015, and are signed on their behalf by:



Mark Greenwood  
Director

Company Registration Number: 03047254

The notes on pages 8 to 11 form part of these financial statements.

# West Waterlooville Developments Limited

## Notes to the financial statements

Year ended 30 September 2015

### 1. Accounting policies

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

The financial statements are prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, which have been applied consistently throughout the year.

#### **Cash flow statement**

The company is a wholly owned subsidiary of Grainger plc and the cash flows of the company are included in the consolidated cash flow statement of Grainger plc. Consequently, the company is exempt under the terms of FRS 1 from preparing a cash flow statement.

#### **Turnover**

Turnover comprises gross rentals, gross sale proceeds of trading properties and land, and sundry other income, exclusive of VAT. Sales of properties are only accounted for when the cash proceeds are received in full or the company has entered into a legally binding contract. Gross rentals are recognised on a straight line basis over the lease term on an accruals basis. Sundry other income is recognised when it becomes receivable.

#### **Stocks**

Development properties and development land are shown in the financial statements at the lower of cost and net realisable value. Cost includes legal and surveying charges incurred during the acquisition plus improvement costs. Net realisable value is calculated based on whether the land or property is to be sold in its current condition or whether it will be subject to further development. Where the land or property is to be further developed, net realisable value is based on the future expected value. Where the land or property is to be sold in its current condition, net realisable value is based on current market value.

#### **Work in progress**

Work in progress is valued at the lower of cost and net realisable value.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### 2. Turnover

The total turnover of the company has been derived from its principal activity wholly undertaken in the UK as defined in the directors' report.

# West Waterlooville Developments Limited

## Notes to the financial statements

Year ended 30 September 2015

### 3. Other operating income

	2015 £	2014 £
Management fees	<u>249,997</u>	<u>249,000</u>

Other operating income represents management fees earned by the company relating to its project management of the site at West Waterlooville. This fee has been added to costs within work in progress.

### 4. Operating (loss)/profit

Operating (loss)/profit is stated after crediting:

	2015 £	2014 £
Auditor's remuneration		
- audit of these financial statements	<u>-</u>	<u>-</u>

Audit fees are statutory audit fees only and are borne by another Group company.

There are no persons holding service contracts with the company. None of the directors received any remuneration from the company during the year, or in the previous year, in respect of their services to the company.

### 5. Taxation on ordinary activities

#### (a) Analysis of credit in the year

	2015 £	2014 £
Current tax:		
UK Corporation tax based on the results for the year at 20.50% (2014 - 22%)	<u>(757,424)</u>	<u>(431,713)</u>
Total current tax	<u>(757,424)</u>	<u>(431,713)</u>

There is no unprovided deferred tax liability or unrecognised deferred tax asset in these financial statements.

#### (b) Factors affecting current tax credit

The tax assessed on the loss on ordinary activities for the year is the same as (2014: same as) the standard rate of corporation tax in the UK of 20.50% (2014 - 22%).

	2015 £	2014 £
Loss on ordinary activities before taxation	<u>(3,694,752)</u>	<u>(1,962,330)</u>
Loss on ordinary activities by rate of tax	<u>(757,424)</u>	<u>(431,713)</u>
Total current tax (note 5(a))	<u>(757,424)</u>	<u>(431,713)</u>

#### (c) Factors that may affect future tax charges

There are no factors that are expected to significantly affect the taxation charge in future years.

# West Waterlooville Developments Limited

## Notes to the financial statements

Year ended 30 September 2015

### 6. Stocks

	2015 £	2014 £
Development properties	1,704,685	1,704,685
Development land	54,258,832	43,372,704
Work in progress	2,624,995	2,397,763
	<u>58,588,512</u>	<u>47,475,152</u>

The replacement value of stock is £35,800,000 (2014: £34,600,000) based on market value at 30 September 2015. The directors believe that the development will generate a net profit and therefore no provision for diminution in value has been made.

### 7. Debtors

	2015 £	2014 £
Trade debtors	120,025	503,070
VAT recoverable	–	150,821
	<u>120,025</u>	<u>653,891</u>

### 8. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	–	310,149
Amounts owed to group undertakings	46,404,999	32,594,401
Other taxation	12,106	–
Other creditors	1,291,092	1,286,825
	<u>47,708,197</u>	<u>34,191,375</u>

Included within amounts owed to group undertakings is an unsecured loan with a year end balance of £40,238,351 (2014: £31,988,479). The loan bears interest at LIBOR plus margin plus costs which averaged 3.87% (2014: 3.83%) in the year, and is repayable on demand but is not expected to be repaid within the next 12 months. Interest payable for the year amounted to £2,472,881 (2014: £2,207,634). All other amounts owed to group undertakings are unsecured, bear no interest, and are repayable on demand.

### 9. Contingencies

The company has an obligation, under an agreement for sale in relation to its development land, to pay further consideration should the site value exceed certain pre-agreed amounts. It also has an obligation under a profit sharing agreement to share profits above an agreed threshold. It is not possible to determine the amount or timing of any such future payments due to the long-term nature of the site's development and the associated uncertainties. However, the directors' current best estimate is that the earliest payment under these arrangements will not be before October/November 2016 and any payments are likely to be spread over a number of years.

### 10. Related party transactions

The company has taken advantage of the exemption available under FRS 8 and has not disclosed transactions with companies that are wholly owned members of the Grainger plc group.

# West Waterlooville Developments Limited

## Notes to the financial statements

Year ended 30 September 2015

### 11. Share capital

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>19,900,001</u>	<u>19,900,001</u>	<u>19,900,001</u>	<u>19,900,001</u>

### 12. Profit and loss account

	2015	2014
	£	£
Balance brought forward	(5,962,333)	(4,431,716)
Loss for the financial year	<u>(2,937,328)</u>	<u>(1,530,617)</u>
Balance carried forward	<u>(8,899,661)</u>	<u>(5,962,333)</u>

### 13. Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Loss for the financial year	(2,937,328)	(1,530,617)
Opening shareholders' funds	<u>13,937,668</u>	<u>15,468,285</u>
Closing shareholders' funds	<u>11,000,340</u>	<u>13,937,668</u>

### 14. Ultimate parent undertaking and controlling party

The directors regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial statements may be obtained from The Secretary, Grainger plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

Grainger Housing & Developments Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.