

3 Hardman Street Investments Limited

Company Number 5813898

Report and Financial statements

For the year ended 31 December 2013

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3 Hardman Street Investments Limited
Report and financial statements for the year ended
31 December 2013

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Directors

M J Ingall
F P Graham-Watson
S P Lyell
A Campbell (appointed 10 October 2014)

Secretary and registered office

A Campbell
c/o Capital Properties (UK) Limited
Level 5, Tower 12
18 - 22 Bridge Street
Manchester
M3 3BZ

Company number

5813898

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

3 Hardman Street Investments Limited

Directors' report for the year ended 31 December 2013

The directors present their annual report and audited financial statements of the company for the year ending 31 December 2013.

Activities and future developments

The principal activity of the company is property investment.

Review of the business

The company continues to hold leasehold interests in the ground floor and basement of the property at 3 Hardman Street, Manchester. A profit of £332,321 arose for the year (2012: loss £110,794).

The directors of the company are reliant on the parent company to facilitate financial support which is expected to be continued to be provided during 2015 and the directors of the company have therefore prepared the financial statements on a going concern basis. (Refer to Note 1).

Directors

The directors of the company during the financial year were:

M J Ingall
F P Graham-Watson
S P Lyell
A Campbell (appointed 10 October 2014)

Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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.

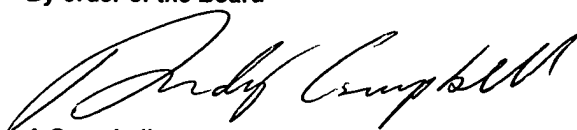
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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.

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 willingness to continue in office.

By order of the Board



A Campbell
Director

Date: 29 January 2015

3 Hardman Street Investments Limited

Independent Auditor's Report to the Members of 3 Hardman Street Investments Limited

We have audited the financial statements of 3 Hardman Street Investments Limited for the year ended 31 December 2013 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the reconciliation of movements in shareholders funds and the related notes. The financial 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

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 2013 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 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: 29 JANUARY 2015

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

3 Hardman Street Investments Limited

Profit and Loss account for the year ended 31 December 2013

	Notes	2013 £	2012 £
Turnover	2	-	116,130
Cost of Sales		280,001	(130,361)
Gross profit/(loss)		<u>280,001</u>	<u>(14,231)</u>
Administration expenses		51,437	(95,650)
Operating profit/(loss)	3	<u>331,438</u>	<u>(109,881)</u>
Interest receivable		883	7,163
Interest payable - third party		-	(8,076)
Profit/(loss) on ordinary activities before and after taxation and retained profit/(loss) for the year	3,9	<u><u>332,321</u></u>	<u><u>(110,794)</u></u>

All amounts relate to continuing activities.

The notes on page 6 to 8 form part of these financial statements

3 Hardman Street Investments Limited

Company Number: 5813898

Balance Sheet as at 31 December 2013

	Notes	2013	2012
		£	£
Fixed Assets			
Equipment	5	<u>17,877</u>	<u>39,954</u>
		17,877	39,954
Current Assets			
Debtors	6	473,280	587,561
Creditors: amounts falling due within one year	7	(11,830,964)	(12,299,643)
Net current liabilities		<u>(11,357,684)</u>	<u>(11,712,082)</u>
Total Assets less Current Liabilities		<u>(11,339,807)</u>	<u>(11,672,128)</u>
Net Liabilities		<u>(11,339,807)</u>	<u>(11,672,128)</u>
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account	9	(11,339,808)	(11,672,129)
Shareholders deficit		<u>(11,339,807)</u>	<u>(11,672,128)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the Board of Directors and authorised for issue on 29 JANUARY

2015



A Campbell
Director

The notes on pages 6 to 8 form part of these financial statements.

3 Hardman Street Investments Limited

Statement of total recognised gains and losses and reconciliation of movements in shareholders' funds for the year ended 31 December 2013

Statement of total recognised gains and losses for the period ended 31 December 2013

	Notes	2013 £	2012 £
Profit/(loss) for the financial year		332,321	(110,794)
Revaluation deficit recognised on sale		-	
Total recognised gains/(losses) in the year		<u>332,321</u>	<u>(110,794)</u>

Reconciliation of movements in shareholders' funds for the year ended 31 December 2013

	2013 £	2012 £
Profit/(loss) for the financial year	332,321	(110,794)
Net increase in shareholders' deficit	<u>332,321</u>	<u>(110,794)</u>
Opening shareholders' deficit	(11,672,128)	(11,561,334)
Closing shareholders' deficit	<u>(11,339,807)</u>	<u>(11,672,128)</u>

The notes on pages 6 to 8 form part of these financial statements

3 Hardman Street Investments Limited

Notes to the accounts

1. Accounting Policies

The following principal accounting policies have been applied in the preparation of these financial statements.

a) Accounting convention

These accounts have been prepared under the historical cost convention as modified by the revaluation of investment properties.

b) Going concern

The directors have considered the financial position of the company in preparing these financial statements and note that it has net liabilities and net current liabilities at 31 December 2013

The directors have prepared and considered detailed forecasts and budgets for the period to 31 December 2015. They have also obtained a letter of support from Capital Holdco Limited indicating that it is their current intention to support the Company by ensuring that the intercompany indebtedness in respect of entities within the Capital Holdco Limited group will not be called for repayment unless the company has the funds and working capital to do so. In addition, Capital Holdco Limited has confirmed its current intention to support the company from within the Capital Holdco Limited group for the period until 31 January 2016. The directors' note that although they expect that the support will continue for at least 12 months from the date of approving these financial statements, it is not guaranteed.

However, on the basis of the projections of the company and the wider Capital Holdco Limited group, the directors believe that it is appropriate to assume that the support will be forthcoming and therefore have prepared these financial statements on a going concern basis.

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

Deferred tax balances are not discounted

d) Depreciation - Equipment

Depreciation is provided on a straight line basis, having regard to the estimated useful life and the residual value of the assets, at a rate of 25% per annum.

e) Turnover

Turnover is stated net of VAT and comprises rental income and commissions and fees receivable. This is attributable to the company's principal activity wholly undertaken in the United Kingdom.

2. Turnover

The economic benefits and burdens of the leases held in the company have been transferred to a fellow group undertaking, Allied London Holdco Two Limited, under a Rights and Responsibilities Replication Agreement dated December 2012. Lease income and costs associated with the property such as head rent and void costs are recharged across on a quarterly basis. property such as head rent and void costs are recharged across on a quarterly basis.

Rental income received and transferred under the Rights and Responsibilities Replication Agreement was £645,035 (2012: nil). This has not been recognised as revenue due to the risks and rewards being transferred under the Rights and Responsibilities Replication Agreement.

3. Operating profit

Is stated after charging/(crediting):	2013 £	2012 £
Depreciation	22,076	13,245
Premium received for surrender of lease by tenant	(280,000)	-
Release of accrual for costs to complete	(73,514)	-
	<hr/>	<hr/>

The company incurred headrent costs of £556,813 during the year and transferred them under the Rights and Responsibilities Replication Agreement. These have not been recognised as costs due to the risks and rewards being transferred under the Rights and Responsibilities Replication Agreement.

The auditors' remuneration is borne by another group company. The directors are the only employees of the company and they did not receive any remuneration in the year (2012: £Nil). The company has no employees.

3 Hardman Street Investments Limited

Notes to the accounts (continued)

4. Taxation on profit/(loss) on ordinary activities

	2013 £	2012 £
Reconciliation of current year tax charge:		
Profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	77,265	(27,145)
Effects of:		
Group relief	(77,265)	27,145
Current tax charge for year	<u>-</u>	<u>-</u>

5. Fixed assets - Equipment

	£
Cost	
At 1 January 2013	70,643
Additions	-
At 31 December 2013	<u>70,643</u>
Accumulated depreciation	
At 1 January 2013	30,689
Charge for the year	22,077
At 31 December 2013	<u>52,766</u>
Net book value 31 December 2012	<u>39,954</u>
Net book value 31 December 2013	<u>17,877</u>

6. Debtors

	2013 £	2012 £
Trade debtors	17,472	126,230
Amounts held on escrow in respect of property sales	170,632	271,109
Other Debtors	98,024	62,920
Prepayments and accrued income	187,152	127,302
	<u>473,280</u>	<u>587,561</u>

7. Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	28,870	33,773
Other creditors	-	4,401
Accruals and deferred income	283,420	886,464
Amount due to group undertaking	11,518,674	11,375,005
	<u>11,830,964</u>	<u>12,299,643</u>

3 Hardman Street Investments Limited

Notes to the accounts (continued)

8. Share capital

Authorised	£
At 1 January 2013 and 31 December 2013	
Ordinary shares of £1 each	<u>1,000</u>
Allotted, issued and fully paid	
At 1 January 2013 and 31 December 2013	
Ordinary shares of £1 each	<u>1</u>

9. Reserves

	Profit and Loss account
	£
At 1 January 2013	(11,672,129)
Retained profit for the year	332,321
At 31 December 2013	<u>(11,339,808)</u>

10. Contingent liability

The company's property assets have been given as security to a third party investor who has loaned funds into the Allied London Holdco Limited group of companies. The maximum amount of this guarantee is £16m.

11. Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement on the grounds that it is a small entity, as defined by s382 of the Companies Act 2006.

12. Ultimate Parent Company

Capital Debt Holdco Limited, a company registered in the British Virgin Islands, is the immediate parent company. The directors consider the ultimate parent company to be Capital Holdco Limited, a company registered in British Virgin Islands.

13. Related Party Transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related party disclosures", not to disclose any transactions with members of the group headed by Capital Holdco Limited on the grounds that 100% of the voting rights in the group members are controlled by Capital Holdco Limited.