

4 Hardman Square Retail Limited

Company Number 5875491

Report and Financial statements

For the year ended 31 December 2011



4 Hardman Square Retail Limited

Report and financial statements for the year ended 31 December 2011

Contents

Page

1	Report of the directors
2	Independent auditor's report
3	Profit and Loss Account
4	Balance Sheet
5	Statement of total recognised gains and losses and reconciliation of movement in shareholders' funds
6-8	Notes to the accounts

Directors

M J Ingall
F P Graham-Watson
S P Lyell (appointed 11th March 2011)

Secretary and registered office

A Campbell
33 Cork Street
London W1S 3NQ

Company number

5875491

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

4 Hardman Square Retail Limited

Report of the directors for the year ending 31 December 2011

The Directors have pleasure in submitting their report and audited financial statements for the year ending 31 December 2011

Activities, trading review and future developments

The principal activity of the company is property investment

Review of the business

The profit and loss account is set out on page 3 and shows a loss after tax for the year of £11,382 (2010 profit £75,042). The company received rental income from its investment property during the year. The directors expect the company's business to continue in the following year.

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 2013 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 (appointed 11th March 2011)

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 their willingness to continue in the office.

By order of the Board

F P Graham-Watson

Director

Date



21/12/2012

4 Hardman Square Retail Limited

Independent Auditor's Report to the Members of 4 Hardman Square Retail Limited

We have audited the financial statements of 4 Hardman Square Retail Limited for the year ended 31 December 2011 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 Auditing Practices Board's (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2011 and of its result 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 director's 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.

BDO LLP

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

Date *21 December 2012*

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

4 Hardman Square Retail Limited

Profit and Loss account for the year ended 31 December 2011

	Notes	2011	2010
		£	£
Turnover	2	136,772	136,772
Cost of sales		(599)	(1,730)
Gross profit		<u>136,173</u>	<u>135,042</u>
Administrative expenses		(61,000)	(60,000)
Provision for doubtful debts		(86,555)	-
(Loss)/profit on ordinary activities before and after taxation and retained profit for the financial year	3,8	<u>(11,382)</u>	<u>75,042</u>

All amounts relate to continuing activities

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

4 Hardman Square Retail Limited
Company Name: 5875491
Balance Sheet as at 31 December 2011

	Notes	2011	2010
		£	£
Fixed Assets			
Investment properties	4	2,000,000	2,200,000
Current Assets			
Debtors	5	8,254	25,784
Current Liabilities			
Creditors amounts falling due within one year	6	(43,747)	(49,895)
Net current assets / (liabilities)		<u>(35,493)</u>	<u>(24,111)</u>
Net Assets		<u>1,964,507</u>	<u>2,175,889</u>
Represented by			
Capital and reserves			
Called up share capital	7	1	1
Revaluation reserve	8	1,697,065	1,897,065
Profit and loss reserve	8	267,441	278,823
		<u>1,964,507</u>	<u>2,175,889</u>

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

21/12/2012



F. P. Graham-Watson
 Director

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

4 Hardman Square Retail Limited

Additional financial statements for the year ended 31 December 2011

**Statement of total recognised gains and losses
for the year ended 31 December 2011**

	2011	2010
	£	£
(Loss)/profit for the financial year	(11,382)	75,042
Unrealised deficit on revaluation of investment properties	(200,000)	(200,000)
Total recognised gains and losses in the year	<u>(211,382)</u>	<u>(124,958)</u>

**Reconciliation of movements in shareholders' funds
for the year ended 31 December 2011**

	2011	2010
	£	£
(Loss)/profit for the financial year	(11,382)	75,042
Unrealised deficit on revaluation of investment properties	(200,000)	(200,000)
Net decrease in shareholders' funds	<u>(211,382)</u>	<u>(124,958)</u>
Opening shareholders' funds	2,175,889	2,300,847
Closing shareholders' funds	<u>1,964,507</u>	<u>2,175,889</u>

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

4 Hardman Square Retail 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 certain assets

b) Going concern

The directors have considered the financial position of the company in preparing these financial statements and note that it has net current liabilities at 31 December 2011

The company's immediate parent, Allied London Holdco Four Limited, has taken out a new bank loan which expires in December 2015 which has provided funding to the company. In addition, the directors have obtained a letter of support from Allied London 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 Allied London Holdco Limited group will not be called for repayment unless the company has the funds and working capital to do so

The directors have also prepared and considered detailed forecasts and budgets for the period to 31 December 2013 and on this basis, believe that the company will have sufficient funds to pay its debts as they fall due and it is therefore appropriate to prepare these financial statements on a going concern basis

c) Turnover

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

d) Investment properties

All investment properties are valued each year on an open market value basis and the aggregate surplus or temporary deficit arising from such revaluation is transferred to the revaluation reserve. Deficits that are expected to be permanent are taken to the profit and loss account. Acquisitions and disposals of properties are recognised where binding contracts have been exchanged during the accounting period, provided completion takes place prior to approval of the accounts

e) Depreciation

In accordance with Statement of Standard Accounting Practice No. 19, no depreciation is provided in respect of freehold properties and leasehold properties with over 20 years to run. Although the Companies Act would normally require the systematic depreciation of such assets, the Directors believe that this departure from the statutory rules is necessary for the accounts to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation, and it is not practicable to quantify separately the amount which might otherwise have been shown

f) 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 on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and

- 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

4 Hardman Square Retail Limited

Notes to the accounts (continued)

2 Turnover	2011	2010
	£	£
	<u>136 772</u>	<u>136,772</u>

The group had no employees and the directors received no remuneration in the year
Audit fees are borne by the ultimate parent company

3 Taxation on (Loss)/profit on ordinary activities	2011	2010
	£	£
Reconciliation of current year tax charge (Loss)/profit on ordinary activities at the standard rate of corporation tax in the UK of 26.5% (2010 28%)	(3,016)	21,012
Effects of Expenses not deductible for tax purposes Group relief receivable	22,937 (19,921)	(21,012)
Current tax charge for period	<u>-</u>	<u>-</u>

4 Investment Properties	Leasehold Property £
As at 1 January 2011	2,200,000
Impairment	(200,000)
As at 31 December 2011	<u>2 000 000</u>

The investment property was valued by the directors at its open market value on an existing use basis at 31 December 2011
The historical cost of the investment property is £302,935 (2010 £302,935)

5 Debtors	2011	2010
	£	£
Trade debtors	807	-
Other debtors	2,030	1,830
Prepayments & accrued income	5,417	23,954
	<u>8,254</u>	<u>25,784</u>

6 Creditors amounts falling due within one year	2011	2010
	£	£
Trade creditors	460	460
Other creditors	7,709	6,745
Amounts due to group undertakings	-	7,145
Accruals and deferred income	35,578	35,545
	<u>43,747</u>	<u>49,895</u>

4 Hardman Square Retail Limited

Notes to the accounts (continued)

7 Share capital	2011 £	2010 £
Authorised 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid Ordinary shares of £1 each	<u>1</u>	<u>1</u>
8 Reserves	Revaluation reserve £	Profit and Loss account £
Balance at 1 January 2011	1,897,065	278,823
Retained loss for the year	-	(11,382)
Impairment	(200,000)	-
As at 31 December 2011	<u>1,697,065</u>	<u>267,441</u>

9 Contingent liability

The company's assets have been given as security for a bank loan drawn by the parent company, Allied London Holdco Four Limited. The maximum amount of this guarantee is £18m.

10 Cash flow statement

A cash flow statement has not been prepared as the company is a wholly owned subsidiary undertaking of Arrow Property Investments Limited and its funds are managed as part of that company's funds. A group cash flow statement is included in the accounts of its parent company.

11 Related Party Transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard No 8, not to disclose details of related party transactions with entities that are included in the consolidated financial statements of Arrow Property Investments Limited and are 100% owned.

12 Ultimate Parent Company

As a result of a group reorganisation that took place on 17 December 2012, the company's immediate parent changed to Allied London Holdco Four Limited. The ultimate parent company remains Capital Holdco Limited, a company incorporated in the British Virgin Islands.