Holdhurst Farm Estate Limited

Annual report and financial statements

Registered number 06119015

Contents

Directors and advisers

Directors	Mr J James Miss F James Mr M Egglenton Mrs R Wood
Secretary	Mrs R Wood
Company number	06119015
Registered office	58 Wardour Street London UK W1D 4JQ
Registered auditor	KPMG LLP St Nicholas House 31 Park Row Nottingham NG1 6FQ

Directors' report

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

Principal activities

The principal activity of the Company continued to be that of property investment, substantially farm land and associated buildings.

Results and dividends

The profit and loss account for the year is set out on page 5.

The directors recommend the payment of a dividend of £nil *(2016: £nil).*

It is proposed that the retained profit is transferred to the Company's reserves.

Directors

The directors who held office during the year and up to the date of this report:

Mr J James
Miss F James
Mr M Egglenton
Mrs R Wood

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board

Mrs R Wood
Director

26 July 2017

Statement of directors' responsibilities in respect of the annual report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK 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 judgements and 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.

KPMG

Independent auditor's report to the members of Holdhurst Farm Estate Limited

We have audited the financial statements of Holdhurst Farm Estate Limited for the year ended 31 March 2017 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK 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 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 3, 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.

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 UK 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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 from the requirement to prepare a strategic report.

Anthony Hambleton

Anthony Hambleton *(Senior Statutory Auditor)*

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham NG1 6FQ

Dated: 26th July 2017

Profit and loss account and other comprehensive income
for the year ended 31 March 2017

	Note	2017 £000	2016 £000
Turnover	2	**405**	297
Cost of sales		**(399)**	(392)
Gross profit/(loss)		**6**	(95)
Administrative expenses		**(222)**	(182)
Other operating income	6	**1,564**	-
Operating profit/(loss)		**1,348**	(277)
Loss on sale of fixed assets		**(2)**	-
Profit/(loss) before taxation		**1,346**	(277)
Tax on profit/(loss)	4	**(82)**	14
Profit/(loss) for the financial year		**1,264**	(263)
Other comprehensive income		-	-
Total comprehensive income/(expense) for the year		**1,264**	(263)

The profit and loss account and other comprehensive income has been prepared on the basis that all operations are continuing operations.

Balance sheet
at 31 March 2017

	Note	2017		2016	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	5		3,842		333
Investment property	6		28,298		21,087
			32,140		21,420
Current assets					
Debtors	7	304		92	
Cash at bank and in hand		39		10	
		343		102	
Creditors: amounts falling due within one year	8	(31,754)		(22,183)	
Net current liabilities			(31,411)		(22,081)
Total assets less current liabilities			729		(661)
Provisions for liabilities:					
Deferred tax	9		(180)		(54)
Net assets/(liabilities)			549		(715)
Capital and reserves					
Called up share capital	10		-		-
Revaluation reserve			1,564		-
Profit and loss account			(1,015)		(715)
Shareholders' funds/(deficit)			549		(715)

These financial statements were approved by the board of directors on 26 July 2017 and were signed on its behalf by:

Mrs R Wood
Director

Company registered number: 06119015

Statement of changes in equity

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2015	-	-	(452)	(452)
Total comprehensive income for the year				
Loss for the year	-	-	(263)	(263)
Balance at 31 March 2016	**-**	**-**	**(715)**	**(715)**

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2016	-	-	(715)	(715)
Total comprehensive income for the year				
Profit for the year	-	-	1,264	1,264
Revaluation of investment properties (note 6)	-	1,564	(1,564)	-
Balance at 31 March 2017	**-**	**1,564**	**(1,015)**	**549**

Notes
(forming part of the financial statements)

1 Accounting policies

Holdhurst Farm Estate Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 06119015 and the registered address is 58 Wardour Street, London, UK, W1D 4JQ.

These company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Soho Estates Holdings Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Soho Estates Holdings Limited are available to the public and may be obtained from 58 Wardour Street, London, UK, W1D 4JQ. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Soho Estates Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 13.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis except that investment property is stated at fair value.

1.2. Going concern

The directors have reviewed the profit and cash forecasts for the twelve months from the date of approval of these financial statements. The forecasts show a profit and that a positive cash balance will be maintained. Further the group have provided their confirmed support and do not intend to recall the intercompany balances outstanding as at 31 March 2017 in the foreseeable future. On this basis notwithstanding the net current liabilities of £31,754,000, the directors have prepared the financial statements on a going concern basis.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3. Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.4. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Land and buildings freehold	Straight line over 50 years
Computer equipment	Straight line over 3 years
Fixtures and fittings	Straight line over 3 to 10 years
Plant and machinery	Straight line over 10 years
Motor vehicles	Straight line over 10 years

No depreciation is provided in respect of freehold land as the depreciation charge would be immaterial to the accounts.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6. Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model.

1.7. Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.8. Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Notes *(continued)*

1 Accounting policies *(continued)*

1.9. Turnover

Turnover represents the amount of property income receivable in the period. Lease incentives are recognised over the duration of the lease term. Also included is income arising from the sale of crops, solar PV income and subsidy grants.

1.10. Expenses

Interest receivable and Interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.11. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

Turnover represents the amount of property income receivable in the period, derived wholly in the United Kingdom.

The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	2017	2016
	£000	£000
Less than one year	**416**	145
Between one and five years	**314**	168
More than five years	**56**	-
	786	313

Notes *(continued)*

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2017	2016
Total number of employees	**3**	2

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£000	£000
Wages and salaries	**87**	61
Social security costs	**10**	7
	97	68

All directors are also directors of other group companies and full details of their remuneration from the group are shown in the financial statements of the companies from which they are remunerated. No recharge is made for these services. The directors do not allocate specific time to the Company and therefore it is not possible to make an accurate apportionment of the services received by the Company. Auditor's remuneration is borne by the parent company.

4 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2017		2016	
	£000	**£000**	£000	£000
Current tax				
Current tax on income for the period		**(44)**		-
Adjustments in respect of prior periods		-		-
Total current tax		**(44)**		-
Deferred tax (note 9)				
Origination and reversal of timing differences	**127**		(7)	
Change in tax rate	**(1)**		(7)	
Total deferred tax		**126**		(14)
Total tax		**82**		(14)

Notes *(continued)*

4 Taxation *(continued)*

Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit/(loss) for the year	**1,264**	(263)
Total tax expense/(income)	**82**	(14)
Profit/(loss) before taxation	**1,346**	(277)
Tax using the UK corporation tax rate of 20% *(2016: 20%)*	**269**	(55)
Origination and reversal of timing differences	**(229)**	(7)
Reduction in tax rate on deferred tax balances	**(1)**	(7)
Non deductible expenses	**-**	2
Capital allowances in excess of depreciation	**-**	(1)
Group relief	**43**	54
Total tax expense/(income) included in profit or loss	**82**	(14)

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2017 has been calculated based on these rates.

5 Tangible fixed assets

	Freehold land and buildings £000	Motor vehicles and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
Balance at 1 April 2016	-	405	12	417
Additions	-	19	3	22
Disposals	-	(3)	-	(3)
Transfer from investment property	3,531	-	-	3,531
Balance at 31 March 2017	3,531	421	15	3,967
Depreciation and impairment				
Balance at 1 April 2016	-	79	5	84
Depreciation charge for the year	-	39	3	42
Disposals	-	(1)	-	(1)
Balance at 31 March 2017	-	117	8	125
Net book value				
At 31 March 2017	**3,531**	**304**	**7**	**3,842**
At 31 March 2016	-	326	7	333

Management have considered a number of properties to be not held for capital appreciation or rental income and accordingly reclassified these to freehold buildings under tangible fixed assets from investment property.

Notes *(continued)*

6 Investment property

	£000
Balance at 1 April 2016	21,087
Additions	9,178
Revaluation	1,564
Transfer to property, plant and equipment	(3,531)
Balance at 31 March 2017	**28,298**
Historical cost net book value	23,004

No item of investment property in the year was valued by an external, independent valuer *(2016: £nil)*. The directors value the portfolio every year.

The Investment Property portfolio is valued by the Directors of the company using ERV, market value per hectare for land and yields appropriate to the region in which the property is situated. Benchmarking is undertaken to determine appropriate parameters for the yields used.

Any gain or loss arising from a change in fair value is recognised in the profit or loss account - Rental income from investment property is accounted for as described in the turnover accounting policy.

Management have considered a number of properties to be not held for capital appreciation or rental income and accordingly reclassified these to freehold buildings under tangible fixed assets in note 5.

7 Debtors

	2017 £000	2016 £000
Trade debtors	**12**	24
Other debtors	**215**	54
Corporation tax debtor	**44**	-
Prepayments and accrued income	**33**	14
	304	92

8 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	**85**	30
Amounts owed to group undertakings and connected parties	**31,512**	21,577
Taxation and social security	**-**	9
Other creditors	**34**	-
Accruals and deferred income	**123**	567
	31,754	22,183

Amounts owed to group companies are repayable on demand.

Notes *(continued)*

9 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Liabilities 2017 £000	2016 £000
Origination and reversal of timing differences	**180**	54

We anticipate an immaterial amount of deferred tax to unwind in the next twelve months and the majority to remain until which point the asset it attaches to is sold.

10 Capital and reserves

Share capital

	2017 £000	2016 £000
Allotted, called up and fully paid		
1 ordinary share of £1	-	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

No dividends are proposed.

11 Related parties

Identity of related parties with which the Company has transacted

As the Company was a wholly owned subsidiary of Soho Estates Holdings Limited at 31 March 2017, the Company has taken advantage of the exemption contained in FRS102.33.1A and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Group headed by Soho Estates Holdings Limited.

12 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Soho Estates Holdings Limited, 58 Wardour Street, London, UK, W1D 4JQ, who are the ultimate parent company. The ultimate controlling party is the Paul Raymond family trusts, 58 Wardour Street, London, UK, W1D 4JQ.

The smallest and largest group in which result of the company are consolidated is that headed by Soho Estates Holdings Limited, incorporated in the UK. The consolidated financial statement of this group are available to the public and may be obtained from the address shown in note 1.

13 Accounting estimates and judgements

Key sources of estimation uncertainty

The directors consider the only areas of estimation uncertainty in the financial statements is the valuation of investment property. The valuation of farm land is calculated with reference to market valuations per hectare, whereas the valuation of properties are calculated with reference to market rental yields for the area, which reduces the subjectivity around investments.

Critical accounting judgements in applying the Company's accounting policies

The directors consider that there are no critical accounting judgements (except for those involving estimates included above).