

Hardman Square Investments Ltd

Registered Number 7278023

Report and Financial statements

For the year ending 31 December 2011



Hardman Square Investments Ltd

Report and financial statements for the year ended 31 December 2011

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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

7278023

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Hardman Square Investments Ltd

Directors' report for the year ended 31 December 2011

The Directors present their report and financial statements of the company for the year ending 31 December 2011

Activities

The principal activity of the company is property investment

Review of the business

The company is an investment property company and has a long lease on land and buildings and in turn receives rental income from its tenants. The directors expect this business to continue. The directors are currently seeking to maximise income from the property. The company made a loss of £784,087 (2010 £169,770). The directors do not recommend the payment of a dividend (2010 £nil).

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

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

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 office.

On behalf of the Board



F P Graham-Watson
Director

Date 21 DEC 2012

Hardman Square Investments Ltd

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

We have audited the financial statements of Hardman Square Investments Limited for the period ended 31 December 2011 which comprise the profit and loss account, the balance sheet 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.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company has intra-group indebtedness that is repayable on demand. The directors have been in discussions with the fellow group company and, based upon these discussions, have agreed in principle to convert the intra-group indebtedness into a formal loan agreement which will not fall due for repayment until December 2015. However, as there is no formal agreement in place with the fellow group company, there can be no certainty that this will be the case. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

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 DEC 2012**

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

Hardman Square Investments Ltd

Profit and loss account for the year ended 31 December 2011

	Notes	2011 £	2010 £
Turnover		343,336	131,837
Property outgoings		(1,057,054)	(251,607)
Gross loss	2	<u>(713,718)</u>	<u>(119,770)</u>
Administration expenses		(70,369)	(50,000)
Loss for the year after interest and taxation	6	<u><u>(784,087)</u></u>	<u><u>(169,770)</u></u>

All amounts relate to continuing activities

The result for the year represents the movement on shareholders' funds, following incorporation

The notes on pages 5 and 7 form part of these financial statements

Hardman Square Investments Ltd

Company Number: 07278023

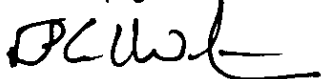
Balance sheet as at 31 December 2011

	Notes	2011 £	2010 £
Current assets			
Debtors	3	1,227,416	1,128,447
Cash at bank and in hand		-	-
		<u>1,227,416</u>	<u>1,128,447</u>
Creditors amounts falling due within one year	4	<u>(2,181,173)</u>	<u>(1,298,117)</u>
Net current liabilities		(953,757)	(169,670)
Net liabilities		<u>(953,757)</u>	<u>(169,670)</u>
Represented by			
Capital and reserves			
Called up share capital	5	100	100
Profit and Loss account	6	(953,857)	(169,770)
Total shareholders' deficit		<u>(953,757)</u>	<u>(169,670)</u>

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

21 DEC 2012

The notes on pages 5 and 7 form part of these financial statements



FP Graham-Watson
Director

Hardman Square Investments Ltd

Notes forming part of the financial statements

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

b) 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.

c) Going concern

The company's intra-group indebtedness is repayable on demand and, as a consequence, the company is reliant on the continuing support of its fellow group company to enable it to continue as a going concern. The directors have been in discussions with the fellow group company and based upon these discussions, have agreed in principle to convert the intra-group indebtedness into a formal loan agreement which will not fall due for repayment until December 2015. However, as there is no formal agreement in place with the fellow group company, there can be no certainty that this will be the case. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

On the basis set out above, the directors believe that it is appropriate to prepare these financial statements on a going concern basis. These financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

d) 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

2	Operating loss	2011 £	2010 £
	Is stated after charging		
	Management charges	-	50,000
	Provision for intercompany debt	70,369	-

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

Hardman Square Investments Ltd
Notes forming part of the financial statements (continued)

3. Debtors

	2011 £
Trade Debtors	75,290
Other Debtors	1,059,755
Prepayments and accrued income	92,371
	<u>1,227,416</u>

4 Creditors: amounts falling due within one year

	2011 £
Amounts due to group undertakings	1,959,043
Trade creditors	57,991
Other creditors	99,931
Accruals and deferred income	64,208
	<u>2,181,173</u>

5 Share capital

	2011 £
Authorised 100 Ordinary shares of £1 each	<u>100</u>
Allocated, called up and fully paid ordinary shares of £1 each	<u>100</u>
100 £1 Ordinary shares were issued on incorporation	

6 Reserves

	Profit and Loss Account £
Balance as at 1 January 2011	(169,770)
Retained loss for the financial year	(784,087)
Balance at 31 December 2011	<u>(953,857)</u>

Hardman Square Investments Ltd

Notes forming part of the financial statements (continued)

7. 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.

8 Cash flow statement

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

9 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.

10 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 Two Limited. The ultimate parent company remains Capital Holdco Limited, a company incorporated in the British Virgin Islands.