



HMG HOLLINS
MURRAY
GROUP
LIMITED

Report & Accounts

2016

WEDNESDAY



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COMPANIES HOUSE



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CHAIRMAN'S STATEMENT

BUSINESS REVIEW

I talked in last year's report of refreshment and rejuvenation. At that point, my report was necessarily one based as much upon future potential and plans as upon actual activity. It is pleasing therefore to be able to return 12 months later with a picture that demonstrates our optimism was well-placed.

Before I provide a little contextual detail and interpretation to the numbers that accompany this statement, I have to take a moment to reflect on what has been a most encouraging and rewarding year for our company. Nick's report carries some details of the many trading and development activities that occurred or have started to take shape in the year to August 2016 together with some glimpses of the exciting opportunities that we believe lie ahead.

During the year we successfully sold two properties where we felt we had largely exploited all potential value, acquired two exciting new properties that ideally suit our approach and promise significant added value, completed the redevelopment of the local shopping centre in Winstanley and made substantial progress with development plans in Ashton in Makerfield, Flint and Congleton.

The much needed and long awaited refreshment and development of our portfolio is well and truly underway and it is a joy to be able to report to you all of real activity rather than the plans and potential promise that has typified our reports of recent years.

Notwithstanding all that activity, our figures show a very healthy result for the year. As you are by now well used to however, there are several accounting factors that I must draw to your attention in order to demonstrate the "real" position these accounts show. There is an additional complication this year caused by a regulatory requirement to prepare our accounts to conform to the recently introduced "FRS 102"

Standards (which have also created the need for a re-statement of the 2015 accounts). I must stress that these do not reflect any changes in what has actually happened in terms of money entering or leaving the company, rather they alter the way in which we have to present the financial picture.

FRS 102 creates two new lines in our headline accounts. The first is the requirement to reflect the "change in fair value of investment properties" in the P&L, where previously this was only reflected in the Balance Sheet. This has the effect of appearing to create additional profit, even though it is not actual income arriving in the business, rather a notional recognition of that valuation increase. Therefore it is not distributable profit. It should be noted that no corporation tax is payable at the time of recognition of that "income", rather it is deferred until such time as the value is actually realised.

The second is a similar requirement to reflect an element of the "change in fair value of financial instruments" in the P&L. This relates to the simple hedging products we have in place to protect our borrowings.

The nature of these products is that at any given moment in time they can be either an asset or a liability (depending upon whether the interest rates at which they are set are above or below the prevailing LIBOR rate for their remaining lifespan – known as the "mark to market"). Once again, this is purely an accounting treatment that has absolutely no impact



CHAIRMAN'S STATEMENT

BUSINESS REVIEW (cont.)

on the money entering or leaving the company. Further, any amounts recorded here will, of course, shrink as those products near the end of their lives; so these really are academic rather than material numbers!

With apologies for that dull, but necessary accounting explanation, I can now briefly review the progress of our "core" business as normal. Setting aside the two new lines as explained, you can see the £3.2m core profit before tax in 2015. In 2016 the equivalent figure is £3.8m. One might consider the £629k profit on disposals should also be discounted for this analysis of core business, however as Nick explains in detail in his report, we have replaced the income (and believe the full value will follow shortly) of those sales at a significantly lower capital cost. It is entirely right and reasonable therefore to consider that profit as part of our core business.

That represents a healthy increase in annual profit and the picture is similarly healthy from a Balance Sheet perspective. An encouraging (but not aggressive) increase of just over 3% to the valuation of the portfolio, coupled with retained profit for the year results in an increase in shareholder funds of almost £4m at the year-end, up 9.5%.

It is worth highlighting our borrowing briefly – in line with the respective loan agreements with Santander and Lloyds we made loan repayments of £1.25m in the year, but the Balance Sheet suggests it has reduced year on year by £2.7m. However, in a situation where we are buying and selling with greater frequency, our actual borrowed figure moves up and down considerably. Where we have sold assets, we have temporarily repaid debt whilst we have looked to reinvest and given that the accounts record a snapshot picture as of 31st August 2016, this fluctuation in borrowings cannot be seen. To complete the picture, we have, post 31st August,

completed the purchase of an industrial scheme in Warrington which has increased our borrowing position accordingly.

An annual dividend of 80 pence was paid in the year under report. As always, your board continues to consider carefully the question of dividend levels. My personal and strongly held view is shared by the board – that it is more important we seek to deliver consistent, reliable and sustainable dividend levels than allow the risk of unexpected and unpredictable peaks and troughs to occur. We will continue to hold firm to that approach as far as it is possible for the foreseeable future. You will already be aware that on that basis your board decided to pay a first quarter dividend for the 2016/2017 financial year which, if sustained through the year as hoped, will amount to 85 pence over the year, a 6%+ increase.

I should also provide a brief update on our ongoing legal case against RBS. It is the nature of these things that they move (often frustratingly) slowly. However that is not entirely unhelpful since there are similar cases in train that are further advanced than ours and therefore provide our legal team with intelligence and assistance that is proving valuable. It is also unavoidable, as there is a healthy stream of claimants, many not unlike ourselves, queueing up for their turn! We are in the hands of extremely impressive, experienced lawyers and counsel. We remain hopeful of a positive outcome in due course (it is likely to be 2018 before we get to a trial) and both Nick and I remain absolutely determined to pursue this to the end.

My statement this year must also focus on the profoundly sad news of the passing of Andrew Murray in the summer. Andrew was just 62 when he was struck down by a relatively short, but very aggressive illness. He led our company for more than 20 years and was in the driving seat through the period



CHAIRMAN'S STATEMENT

BUSINESS REVIEW (cont.)

where HMG changed from being a relatively small, rather cautious company to becoming a recognised, respected and substantial operator in the North West property scene. He was respected, liked and admired by just about everyone (and there were many of them), who knew him professionally in both the property and finance markets.

As shareholders, we all have reason to be deeply grateful to Andrew, as his work, more than anyone else's, laid the foundations and established the standards for the healthy, ambitious and exciting business we have today. He is also responsible for the immense good fortune we enjoy in having Nick as our CEO – it was Andrew who first recognised Nick's potential to become such an impressive operator and I know Nick would be the first to acknowledge that he owes an enormous amount to the tutelage, mentoring and support he received from Andrew. The Hollins Murray Group will miss Andrew, but it stands as a very fitting and fine legacy to him.

I should finish with a couple of more general observations which tend, fittingly, towards the future. We now have fantastic, refurbished accommodation at St John's House which is entirely appropriate for the more modern, fresh approach of the business. We have a terrific team which is continually stretched as it takes on the increasing challenges we set ourselves in the pursuit of continued growth and development. It is also a team that rises to those challenges and consistently delivers.

These results, but also the optimism with which we can face the future, are a tribute to the whole team here.

The property business is perhaps not quite as fast-paced as some others – doing things just takes time and that is unavoidable. However it truly feels as if our company has found several new gears in the last year or two and the momentum we are developing is impressive. Continuing to refresh the portfolio, wherever appropriate, coupled with the progression and realisation of multiple development projects we have lined up, is going to present a level of challenge greater than anything we have so far confronted. What is most exciting is that we have the right leadership, the best possible team and an excellent business foundation with which we can head forward to tackle them with confidence.

BILL MURRAY
CHAIRMAN



CHIEF EXECUTIVE OFFICER'S STATEMENT

BUSINESS REVIEW

The surprise outcome of the EU Referendum was initially seen as a negative for the UK commercial property market and one of the immediate consequences was that transactional activity dried up overnight. Because valuers are reliant on market activity to arrive at their considered view, this lack of liquidity presented them with a problem and for a short period, valuation reports were qualified with a 'Brexit clause', pointing out the uncertainty and advising lenders to keep valuations under regular review.

By the beginning of the autumn though, the market appeared to have digested the news and seemed to conclude that British life outside the EU will go on. Happily, this coincided with our financial year end and the valuation process for the HMG portfolio was unaffected. The portfolio was valued by Lambert Smith Hampton and Colliers CRE who between them reported an aggregate value of £103.62m, up from £101.65m last year. Adjusting these figures to account for the sales and purchases which occurred during the year, the like for like comparison shows an increase of £3.27m, or 3.36%. The steady growth in the value of the portfolio, together with the retained profit for the year has led to a noticeable increase in the Group's net asset value of £3.9m, reflecting growth of 9.5%. We have continued to reduce our borrowings, repaying a further £1.25m during the year. At the year end, our loan to value percentage had reduced to 54.62%, Group rental value had risen by £225k to almost £7m pa and we reported a core pre-tax profit of £3.8m. It is fair to say that it has been a good year for HMG.

From a banking viewpoint, our relationships with Santander and Lloyds remain extremely strong. The historic dispute with our former lender continues and as Bill has pointed out, we are in the process of formally pursuing RBS through the High Court. The complexities of this case are vast, however (and at risk of repeating Bill's sentiment) we have surrounded ourselves with a first class professional team and I am personally more determined than ever that RBS are held accountable for this great injustice.

In my statement last year, I alluded to the fact that we were planning HMG's next phase of growth and to begin this process, we sold two properties in Queensferry and Timperley for a combined price of just over £5.2m. Both properties were virtually fully let and had, in our view, reached the point where there was greater downside risk than potential out-performance. The property in Queensferry is a modern trade counter development adjacent to a large Makro cash and carry warehouse. It is the type of asset that overly relies on consumer confidence and tends to perform satisfactorily in a strong market, but in a recessionary environment, we found that occupier stability became problematic and letting vacant units was challenging. In the stronger market leading up to the date of sale, we concluded a number of lettings including agreeing terms for one of the largest units to Screwfix, and felt that the price of £3.2m, compared to the August 2015 Balance Sheet value of £2.65m, represented a level that we would be unlikely to exceed in the medium term. In Timperley, we sold Charles Court for a price of £2.03m and whilst only modestly in excess of the £1.8m August 2015 Balance Sheet value, our rationale here was to sell a problematic property and to reinvest elsewhere. Charles Court was built by HMG in the 1960's and comprises a series of small ground floor retail units with 5 flats above. High Alumina Cement (HAC) was used in part of its construction which has the potential to cause structural weakness. Throughout the industry, the presence of HAC in buildings of this age causes unsolvable problems, the principal issue being



CHIEF EXECUTIVE OFFICER'S STATEMENT

BUSINESS REVIEW (cont.)

that banks are usually unwilling to lend against such assets. The figures for a complete redevelopment of this property didn't stack up, the rents for the retail units were as high as we could have expected them to be for the foreseeable future, so we decided to accept a very strong offer and to move on.

The proceeds from each sale were used to temporarily reduce our borrowings, resulting in lower interest costs, whilst we scoured the market for reinvestment opportunities. The first of these was Quarry Rigg in Bowness on Windermere, an 18 unit retail parade located in the heart of the town. The vendor needed to exit quickly and we capitalised on this by making what we considered to be a derisory offer of £1.45m which, surprisingly, was accepted. During the purchase process, we agreed to let the remaining vacant units and at completion, the property was fully let and producing a rental income of £185k pa, yielding over 12%. In contrast to this purchase, we also bought 50 King Street in Manchester, a prime but mostly vacant retail building. Historically regarded as the 'Bond Street of the North', retailing in King Street suffered greatly during the recession but in the last 12 to 18 months, there has been a notable resurgence in fortunes as new occupiers have steadily taken up most of the street's empty units. Recognising that the price was attractive, we purchased this property for £1.55m very quickly, in an off market transaction, and shortly after completion let the retail space to Sharps Bedrooms. We are in the process of investing a further £150k to transform the upper floors where we will create bespoke offices and once they are let, we expect that the property will produce an income of approximately £170k pa. I am confident that in due course, this property will be worth significantly more than the price we paid.

The sales and purchase strategy over the last 12 months helps to highlight the strengths of HMG and demonstrate the evolution of the Group that has

taken place recently. We have been working hard to diversify our assets, without materially impacting our risk, with the help of our talented in house team to make our assets perform. I see this continuing over the years ahead. The two sales generated income of £365k pa and realised £5.2m in value. Our purchases in Bowness and Manchester will effectively replicate that income, but with capital spend of only £3.3m.

Property development will become one of the main features of our work over the next few years. We have numerous lettings agreed with new occupiers in Congleton, Flint and Ashton in Makerfield where we will build a total of around 80,000 sq ft of new retail floorspace. In each case, the expansion land forms part of our existing ownership, so stands us in for very little cost and in round numbers, we envisage build costs of approximately £6m with end values of almost £12m. The schemes are relatively uncomplicated but the drawn out nature of development means that the added value will come in tranches as we move forward.

The refurbishment and extension of our neighbourhood retail scheme in Winstanley represented the first of our development plans and these works were finished during the year. Following this, we completed leases in relation to the new units to Co-op, Heron Foods, Coral Bookmakers and Bargain Booze generating new rents totalling almost £100k pa. We purchased this property in early 2012 for £1m, when the annual income was £80k pa, and have since invested approximately £900k on the works. Post completion, the scheme produces more than £230k pa and has been revalued at £3m. We would love to find more opportunities like this.

The final development scheme we have is in Prestwich and some time ago, I came to the view that to build out what could end up being a £40m redevelopment of a complex town centre site is not



CHIEF EXECUTIVE OFFICER'S STATEMENT

BUSINESS REVIEW (cont.)

what HMG should be doing. Instead, we have signed a joint venture agreement with leading regeneration developer Muse Developments. This agreement gives Muse the option to acquire HMG's interest and represents our best opportunity to maximise the site's potential. In addition to potentially providing our exit, the agreement is structured to allow us to share in the profitability of the eventual scheme which Muse will now try to deliver. It is important to remember though that our deal with Muse is only an option agreement and there remains a level of uncertainty surrounding this complicated asset.

At the year end, our void rate was 4.48%, continuing the downward trend post-recession. We have always worked hard on new lettings, it is a key part of what we do, but now that we have a new team at HMG, we have evolved new marketing strategies where we have become less reliant on external agents and more so on our own efforts. There is no doubt in my mind that our way of closing deals with potential occupiers is already paying dividends.

The Group has shown strong growth during the year; the branding which occurred in 2015 has been well received and we have created a modern and vibrant workplace having refurbished our headquarters during the year. The development projects we have in the pipeline will add meaningful net asset value over the next few years and we find ourselves in a market which is generally showing healthy growth across all sectors. The mix of talented professionals who have joined HMG over the last 2 years has seriously strengthened our team and everyone is due my thanks, they have collectively helped to rejuvenate HMG.

This positive and happy message though is indelibly tainted by the dreadful news during the year of Andrew Murray's untimely death following a short, but intense illness. Andrew and I first began working

together in 2001, when we set up the Matrix joint venture and we worked together extremely closely for many years. He was a kind human being who was a great friend to me both personally and in business. I was lucky enough to enjoy some heart-warming moments with him during his illness but I will still miss him immeasurably.

NICK CASSON
CEO



DIRECTORS' REPORT

The Directors submit their Report and the Audited Consolidated Financial Statements of the Company for the year ended 31st August 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries are property investment and trading.

BUSINESS REVIEW AND EVENTS SINCE THE YEAR END

The business review and events since the year end are covered on pages 1-6.

RESULTS

The results of the year's activities appear within these financial statements. The profit on ordinary activities before taxation is £6,730,999 (2015 restated £4,843,241). There has been a trading property gain of £130,000 (2015 £189,120).

DIVIDENDS

Dividends of 20.00p per share have been paid on 28/09/2015, 18/12/2015, 30/03/2016, 30/06/2016 (2015 - 18.75p - 30/09/2014, 19/12/2014, 30/03/2015, 30/06/2015).

PROPERTY REVALUATIONS

Investment properties are included in the Balance Sheet at their fair value. The properties were revalued in August 2016 by Lambert Smith Hampton and Colliers CRE. Trading properties are included at the lower of cost or net realisable value.

POST BALANCE SHEET EVENTS

There are no matters to report as post Balance Sheet events.

DIRECTORS

The Directors of the Company, together with their interest in share capital, were as follows:-

	Ordinary held by trustees	Ordinary
Bill Murray	-	15,000
Joy Baggaley	-	-
Nick Casson	-	16,311
Charles Murray	20,824	33,013
Bruce Murray	23,080	1,041
Ted Murray	9,254	25,000

Charles Murray and Bruce Murray retire from the Board by rotation and offer themselves for re-election.

STRATEGIC REPORT

Certain matters required by regulations to be dealt with in the annual report have been dealt with in the Strategic Report which follows, rather than in the Directors' Report.

AUDITORS

Parker Gradwell & Company have been appointed as Auditors of the Company and a resolution for their re-appointment for the next financial year will be proposed at the Annual General Meeting.

Approved by the Board of Directors on
11th November 2016 and signed on its behalf by:

C Hall.

CAROL HALL
SECRETARY



STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report, the strategic 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 (Financial Reporting Standards FRS 102). 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 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.

In so far as the directors are aware:

- **there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and**
- **the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.**



STRATEGIC REPORT

BUSINESS REVIEW

The principal activity of the company and its subsidiaries continues to be that of property investment and trading.

The turnover of the Group comprised gross rental income and has shown growth in the year of 1.66%.

During the year the Group sold two properties where it was felt all potential value had generally been realised and acquired two new properties which the directors consider offer scope for growth. The redevelopment of the local shopping centre in Winstanley was completed and substantial progress was made with development plans in Ashton in Makerfield, Flint and Congleton.

The operating profit of the Group increased by £1,895,000 to £8,765,000. Excluding the exceptional items relating to the change in fair value of investment properties and financial instruments, the underlying growth was £596,000.

The profit before taxation showed a similar increase of £589,000 excluding the exceptional items noted above.

PRINCIPAL RISKS AND UNCERTAINTIES

It will be some time before the longer term effects of the recent EU referendum result become clear. However in the short term, economic uncertainty may result in higher UK inflation as a consequence of sterling depreciation, instability in libor and volatility in property valuations.

The board will continue to monitor developments to assess what impact, if any, these have on the business strategy, financial forecasts and financial reporting.

FUTURE DEVELOPMENTS

The directors believe that the business is well placed to refresh the existing property portfolio as well as deliver the multiple development projects which are envisaged.

FINANCIAL INSTRUMENTS

The Group has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are only conducted in sterling.

The Group uses interest rate swaps and interest rate caps to manage interest rate exposures on its bank borrowings. Further details of these instruments are provided in Note 14.

Approved by the Board of Directors on
11th November 2016 and signed on its behalf by:

NICK CASSON
CEO



CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 2016

	Note	2016 £000	2015 £000
Turnover			
Gross rental income	4	6,927	6,814
Group turnover		6,927	6,814
Net rental income		6,238	6,252
Property trading income		130	189
		<u>6,368</u>	<u>6,441</u>
Administrative expenses		(1,166)	(1,206)
Exceptional items:			
Change in fair value of investment properties		2,929	1,660
Profit on disposal of investment properties		629	-
Change in fair value of financial instruments		5	(25)
Operating profit	5	8,765	6,870
Profit on ordinary activities before interest		8,765	6,870
Interest receivable and similar income		29	33
Interest payable on bank loans and overdrafts	8	(2,063)	(2,060)
Net interest payable		(2,034)	(2,027)
Profit on ordinary activities before taxation		6,731	4,843
Taxation on profit on ordinary activities	9	(1,059)	(1,009)
Profit on ordinary activities after taxation/Profit for the financial year		5,672	3,834

The results from both the current and prior period derive from continuing activities.
The accompanying notes are an integral part of these financial statements.



CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31ST AUGUST 2016

	2016 £000	2015 £000
Profit for the financial year	5,672	3,834
Change in fair value of financial instruments	(404)	(236)
Movement in deferred tax relating to changes in the fair value of financial instruments	73	42
Total recognised gains and losses relating to the year	5,341	3,640

The accompanying notes are an integral part of these financial statements.



CONSOLIDATED BALANCE SHEET

AS AT 31ST AUGUST 2016	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	11	91,567	89,595
Current assets			
Stock of trading properties		11,825	11,695
Debtors	12	989	882
Cash at bank and short-term deposits		1,093	1,140
		13,907	13,717
Creditors - amounts due within one year:			
Creditors	13	(3,274)	(2,703)
Bank loans	15	(1,350)	(1,250)
		(4,624)	(3,953)
Net current assets		9,283	9,764
Total assets less current liabilities		100,850	99,359
Creditors - amounts due after one year:			
Bank loans	15	(55,253)	(58,062)
Provisions for liabilities and charges	16	(361)	(3)
		(55,614)	(58,065)
Net assets		45,236	41,294
Capital and reserves			
Called up share capital	18	437	437
Reserves	19	44,799	40,857
Shareholders' funds		45,236	41,294

The financial statements of The Hollins Murray Group Limited, company number 08273718, were approved by the Board of Directors on 11th November 2016 and signed on its behalf by: Bill Murray and Nick Casson, Directors.

The accompanying notes are an integral part of these financial statements.



COMPANY BALANCE SHEET

AS AT 31ST AUGUST 2016	Note	2016 £000	2015 £000
Fixed assets			
Investments in Subsidiary Companies	21	26,799	26,799
Current Assets			
Amounts owed by Subsidiary Companies		6,862	5,146
Corporation Tax		-	5
Cash at bank and short-term deposits		1,093	1,140
		7,955	6,291
Creditors - amounts due within one year:			
Other creditors		(11)	(10)
Net current assets		7,944	6,281
Total assets less current liabilities		34,743	33,080
Capital and reserves			
Called up share capital	18	437	437
Reserves	19	34,306	32,643
Shareholders' funds		34,743	33,080

The financial statements of The Hollins Murray Group Limited, company number 08273718, were approved by the Board of Directors on 11th November 2016 and signed on its behalf by: Bill Murray and Nick Casson, Directors.

The accompanying notes are an integral part of these financial statements.



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST AUGUST 2016

	2016 £000	2015 £000
Cash flows from operating activities		
Profit for the financial year	5,672	3,834
Adjustments for:		
Gain to trading property costs	(130)	(189)
Change in fair value of investment properties	(2,929)	(1,660)
Profit on disposal of investment properties	(629)	-
Loss on disposal of fixed assets	6	-
Change in fair value of financial instruments	(5)	25
Depreciation of tangible fixed assets	30	24
Interest paid	2,063	2,060
Interest received	(29)	(33)
Taxation	1,059	1,009
Increase in debtors	(34)	(507)
Increase in creditors	3	17
Corporation tax (paid)/received	(532)	21
Net cash generated from operating activities	4,545	4,601
Cash flows from investing activities		
Purchase of tangible fixed assets	(170)	(50)
Purchase and redevelopment of investment properties	(3,404)	(490)
Sale of investment properties	5,124	-
Interest received	29	33
Net cash from investing activities	1,579	(507)

The accompanying notes are an integral part of these financial statements.



CONSOLIDATED CASH FLOW STATEMENT

(cont.)

FOR THE YEAR ENDED 31ST AUGUST 2016

	2016 £000	2015 £000
Cash flows from financing activities		
New loans	-	450
Repayment of loans	(2,709)	(950)
Purchase of own shares	-	(17)
Interest paid	(2,063)	(2,060)
Dividends paid	(1,399)	(1,312)
Net cash used in financing activities	(6,171)	(3,889)
Net (decrease)/increase in cash and cash equivalents	(47)	205
Cash and cash equivalents at the beginning of the year	1,140	935
Cash and cash equivalents at the end of the year	1,093	1,140
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	1,093	1,140

The accompanying notes are an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST AUGUST 2016

	Called Up Share Capital	Share Premium Account	Cashflow Hedge Reserve	Other non Distributable Reserve	Profit & Loss Account	Total Equity
	£000	£000	£000	£000	£000	£000
At 1st September 2014 restated under FRS 102	437	26,362	(131)	13,423	(1,108)	38,983
Profit for the financial year	-	-	-	-	3,834	3,834
Other comprehensive income	-	-	-	-	(194)	(194)
Change in fair value of hedged financial instruments net of deferred tax	-	-	(194)	-	194	-
Dividends paid	-	-	-	-	(1,312)	(1,312)
Total comprehensive income for the year	-	-	(194)	-	2,522	2,328
Purchase of own shares	-	(17)	-	-	-	(17)
Transfer from Profit and Loss account	-	-	-	1,262	(1,262)	-
At 31st August 2015	437	26,345	(325)	14,685	152	41,294
Profit for the financial year	-	-	-	-	5,672	5,672
Other comprehensive income	-	-	-	-	(331)	(331)
Change in fair value of hedged financial instruments net of deferred tax	-	-	(331)	-	331	-
Dividends paid	-	-	-	-	(1,399)	(1,399)
Total comprehensive income for the year	-	-	(331)	-	4,273	3,942
Transfer from Profit and Loss account	-	-	-	2,284	(2,284)	-
At 31st August 2016	437	26,345	(656)	16,969	2,141	45,236

The accompanying notes are an integral part of these financial statements.



COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST AUGUST 2016

	Called Up Share Capital	Share Premium Account	Profit & Loss Account	Total Equity
	£000	£000	£000	£000
At 1st September 2014	437	26,362	5,297	32,096
Profit for the year and other comprehensive income	-	-	2,313	2,313
Dividends paid	-	-	(1,312)	(1,312)
Total comprehensive income for the year	-	-	1,001	1,001
Purchase of own shares	-	(17)	-	(17)
At 31st August 2015	437	26,345	6,298	33,080
Profit for the year and other comprehensive income	-	-	3,062	3,062
Dividends paid	-	-	(1,399)	(1,399)
Total comprehensive income for the year	-	-	1,663	1,663
At 31st August 2016	437	26,345	7,961	34,743

The accompanying notes are an integral part of these financial statements.



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

1. Company information

The Hollins Murray Group Limited is a limited liability company incorporated in England. The registered office is St John's House, Barrington Road, Altrincham, WA14 1TJ.

The principal activity of the Company and its subsidiaries are property investment and trading.

2. Accounting policies

2.1. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the inclusion of freehold and long leasehold properties and certain financial instruments measured at their fair value and in accordance with Financial Reporting Standard 102 (FRS 102), the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 27.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2. Basis of consolidation

The consolidated financial statements include the audited results of the Company and its subsidiaries ("the Group") as if they form a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group

obtains control and continue to be consolidated until the date such control ceases. Control comprises the power to govern the financial position and accounting policies of the investee so as to obtain benefit from its activities.

Investments in subsidiaries are valued at cost less provision for impairment. Investments in subsidiaries are reviewed for impairment based upon the net asset value of the subsidiaries at any period end.

No Profit and Loss account is presented for The Hollins Murray Group Limited as permitted by section 408 of the Companies Act 2006.

2.3. Going concern

The directors have reviewed short and medium term cash flow forecasts, as part of the annual budget review, compared to the Group's available financing and have concluded that sufficient resources exist to enable the Group to meet its liabilities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2.4. Turnover

Turnover represents rental income for the year excluding VAT together with disposal proceeds on the sale of trading properties and premiums received from tenants. Amounts invoiced in advance relating to the next accounting period are included in accruals as deferred income.

2.5. Acquisition and disposal of properties

Acquisition and disposal of investment and trading properties are recognised on the date of exchange of the contract for the purchase or sale, provided that there is certainty at the Balance Sheet date that completion will take place. If completion is subject to a contingent event, the purchase or sale is recognised on the date that the contingent event occurred.



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

2.6. Investment properties - Freehold and long leasehold properties

Investment properties are revalued at the accounting date and the aggregate surplus or temporary deficit is recognised in the Profit and Loss account. A reserve transfer to other non distributable reserves is then made.

Deferred taxation is provided on these gains at the rate expected to apply when the property is sold.

No depreciation or amortisation is provided in respect of freehold and long leasehold properties. Any permanent diminutions in value below cost are charged in the Profit and Loss account.

This treatment is a departure from the requirements of the Companies Act concerning the depreciation of fixed assets.

The Directors consider that as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt FRS 102 for the accounts to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

The properties were revalued by Lambert Smith Hampton and Colliers CRE in August 2016.

These valuations have been prepared on the basis of Open Market Value in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors.

Each property has been valued individually and not as part of a portfolio. No account has been taken of any inter-company leases or arrangements, nor any mortgages, debentures or other charges, and no allowance has been made for any expenses of realisation nor for any taxation which might arise in the event of a disposal. The figures also do not reflect any element of special purchaser value following a merger of interests or sale to an owner or occupier of an adjoining property.

Where properties have not been included in the valuation review, they are included at cost or at the Directors' assessment of open market value.

2.7. Valuation of investments

Investments in subsidiaries are valued at cost less provision for impairment. Investments in subsidiaries are reviewed for impairment based upon the net asset value of the subsidiary at any period end.

2.8. Depreciation

Depreciation is provided on plant and equipment and is charged to the Profit and Loss account so as to write off their fair value over their useful economic lives at the following rates:

Management Company

- Computer equipment 33% on cost
- Other equipment and furniture 20% on cost

Investment Companies

- Plant and equipment 25% on a reducing balance basis

2.9. Stock of trading properties

Stock of trading properties is included at the lower of cost or net realisable value.

2.10. Debtors

Short term debtors are measured at transaction price, less any impairment for bad and doubtful debts. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

2.11. Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12. Financial instruments and hedge accounting

The Group uses derivatives; interest rate swaps and interest rate caps to manage interest rate exposures. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re measured to fair value at each Balance Sheet date. Fair value gains and losses are recognised in the Profit and Loss account unless hedge accounting is applied and the hedge is a cash flow hedge.

Interest rate caps

The Group has two interest rate cap instruments which have been measured at fair value at the Balance Sheet date, with any gains or losses being reported in the Profit and Loss account.

The fair value of interest rate caps is included in short term creditors.

Interest rate swaps

The Group has two interest swaps which have been designated as cash flow hedge accounting instruments and qualify for hedge accounting under FRS 102. Further details relating to these instruments are set out below.

To qualify for hedge accounting, the Group has documented the hedged item, the hedging instrument and the hedging relationship between them as well as the causes of hedge ineffectiveness such as different maturities, nominal amounts or variable rates or counter-party credit risk.

The Group elects to adopt hedge accounting for interest rate swaps where:

- The interest rate swap is a qualifying hedging instrument with an external party that hedges the interest rate risk on a loan or part of the nominal amount of a loan that share the same risk and that qualify as a hedged item;
- The hedging relationship between the interest rate swap and the interest rate risk on the loan is consistent with the risk management objectives for undertaking hedges (i.e. to manage the risk that fixed interest rates become unfavourable in comparison to current market rates or the variability in cash flows arising from floating interest rates); and
- The change in the fair value of the interest rate swap is expected to move inversely to the change in the fair value of the interest rate risk on the loan.

Where an interest rate swap that converts floating rate debt into fixed rate debt qualifies for hedge accounting, it is accounted for as a cash flow hedge. The cumulative change in the fair value of the interest rate swap is recognised in the Statement of Other Comprehensive Income up to the amount of the cumulative fair value movement on the floating rate debt that is attributable to the floating interest rate risk. Any excess fair value gains or losses on the interest rate swap not recognised in the Statement of Other Comprehensive Income are recognised in the Profit and Loss account. The gains and losses recognised in the Statement of Other Comprehensive Income are recorded as a separate component of equity - the cash flow hedging reserve.

Hedge accounting is discontinued when a floating to fixed interest rate swap expires, is sold, terminated or exercised or when the conditions for hedge accounting are no longer met if the company documents its election to discontinue hedge accounting. Any fair value

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

gains or losses accumulated in the hedging reserve are reclassified to the Profit and Loss account, either when the variable interest rate expense is recognised in the Profit and Loss account, or immediately on discontinuation of hedge accounting if future variable interest rate cash flows are no longer expected to occur.

2.13. Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.14. Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement at the Balance Sheet date and carried forward to future periods. The liability is measured at the undiscounted salary cost of the future holiday entitlement.

2.15. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The current income tax charge is calculated on the basis of tax rates and laws in the United Kingdom that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date.

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date.

The tax charge/credit for the year is presented either in the Profit and Loss account, Statement of Other Comprehensive Income or equity depending on the transaction that resulted in the tax expense or income.

2.16. Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

3. Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts for revenues and expenses during the year. The items in the financial statements where these judgements and estimates have been made include:

Investment properties

Investment properties are revalued at the accounting date by appropriately qualified external valuers as noted in 2.6 above.

Derivative instruments

The Group uses interest rate swaps and interest rate caps to manage interest rate exposures. These derivative financial instruments are measured at fair value. The fair value of interest rate swap and cap contracts at the Balance Sheet date are determined by an appropriately qualified external valuer.

4. Turnover

The turnover and profit on ordinary activities before taxation are attributable to the Group's principal activities and are in respect of United Kingdom income and exclude value added tax.

	2016	2015
	£000	£000
Gross rental income	6,927	6,814



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

	2016 £000	2015 £000
5. Operating Profit		
Operating profit is stated after charging/(crediting):		
Auditors' remuneration	18	17
Depreciation - plant and equipment	30	24
Employee costs (note 7.1)	1,074	897
Change in fair value of investment properties	(2,929)	(1,660)
Change in fair value of financial instruments	(5)	25
Profit on disposal of investment properties	(629)	-
Loss on disposal of plant and equipment	6	-
6. Auditor's remuneration		
Auditor's remuneration - audit of the financial statements	16	15
Auditor's remuneration - other fees		
Taxation compliance services	2	2
7. Directors and employees		
7.1. Employee costs (including Directors) during the year comprised:		
Wages and salaries	896	717
Social security costs	110	84
Pension contributions	68	96
	1,074	897
7.2. The average number of employees of the Group during the year was as follows:	Number	Number
Property and administration	18	17
7.3. Directors' remuneration	£000	£000
Directors' remuneration including benefits but excluding unpaid long term bonus provision	404	406
Directors' remuneration - unpaid long term bonus provision	62	(36)
Pension contributions	33	64
	499	434
Remuneration of highest paid director excluding unpaid long term bonus provision	270	244
Remuneration of highest paid director - unpaid long term bonus provision	62	(36)
Pension contributions of highest paid director	33	32
Number of directors who are accruing benefits under a money purchase scheme	1	1

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

	2016 £000	2015 £000
8. Interest payable		
Interest payable on bank loans and overdrafts - wholly repayable within 5 years	2,063	2,060
	2,063	2,060
9. Taxation on profit on ordinary activities		
9.1. Charge for taxation based on profit for the year:		
Corporation Tax @ 20.00% (2015 - 20.58%)	701	615
Loss relief brought forward	-	(154)
Total current tax charge for the year	701	461
Deferred Tax		
Deferred tax relating to loss relief	-	150
Deferred tax relating to revalued investment properties	358	398
Total deferred tax charge for the year	358	548
Tax on profit on ordinary activities	1,059	1,009
9.2. Tax included in the consolidated statement of other comprehensive income		
The tax credit is made up as follows:		
Deferred tax on change in fair value of hedged financial instruments	(73)	(42)
9.3. Factors affecting the tax charge for the year		
The Corporation Tax assessed for the year is different from that at the standard rate of Corporation Tax in the United Kingdom of 20.00% (2015 - 20.58%).		
The differences are explained below:-		
Profit on ordinary activities before taxation	6,731	4,843
Tax on profit on ordinary activities at standard rate	1,346	997
Effects of:		
Loss relief brought forward	-	150
Corporation tax adjustment relating to sale of investment properties	(63)	-
Revaluation gains not subject to corporation tax	(586)	(342)
Deferred tax on revalued properties	358	398
Disallowed expenses	15	13
Capital allowances in excess of depreciation	(11)	(53)
Deferred tax on loss relief brought/carried forward	-	(154)
Total tax charge for the year	1,059	1,009

9.4. Factors that may affect future tax charges

In his budget of 16th March 2016, The Chancellor of the Exchequer announced Budget tax changes which have an effect on the Group's future tax position. The main rate of corporation tax will be reduced from the current rate of 20% to 19% in April 2017 and to 18% effective from April 2020. These rate changes had been substantively enacted at the Balance Sheet date and as such, in accordance with accounting standards are reflected in the Group's financial statements as at 31 August 2016.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

	2016 £000	2015 £000
10. Dividends paid		
Equity shares		
Ordinary 320% (2015 - 300%)	1,399	1,312
The Directors have not proposed any other dividends for the year ended 31st August 2016.		
11. Tangible fixed assets		
Investment property - freehold and long leasehold		
Cost at 31st August 2015	74,886	74,196
Additions during the year at cost	3,404	690
Disposals during the year at cost	(4,208)	-
	74,082	74,886
Surplus on revaluation of properties	17,291	14,649
Open market value at 31st August 2016	91,373	89,535
Freehold properties	81,123	80,885
Long leasehold properties	10,250	8,650
	91,373	89,535
Revaluation surplus on assets held at 31st August 2016	2,929	1,660
Revaluation surplus on assets disposed of during the year	(287)	-
Revaluation surplus for the year	2,642	1,660
Plant and equipment		
Cost at 31st August 2015	717	669
Additions during the year at cost	170	50
Disposals during the year at cost	(138)	(2)
Cost at 31st August 2016	749	717
Depreciation at 31st August 2015	657	635
Charge for the year	30	24
Depreciation on disposals	(132)	(2)
Depreciation at 31st August 2016	555	657
Net book value at 31st August 2016	194	60
Summary		
Investment property-freehold and long leasehold	91,373	89,535
Plant and equipment	194	60
	91,567	89,595

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

	2016 £000	2015 £000
12. Debtors		
Trade debtors	761	643
Deferred tax asset (note 17)	144	71
Other debtors	20	114
Prepayments and accrued income	64	54
	989	882
13. Creditors		
Trade creditors	374	920
Corporation tax	335	166
Other taxes and social security	328	250
Accruals and deferred income	1,024	555
Financial instruments (note 14)	1,213	812
	3,274	2,703

At 31st August 2016, the average interest rate payable on borrowings was 3.47% (2015: 3.56%), inclusive of the effect of interest rate swaps used to hedge floating interest rates on the underlying debt.

14. Financial instruments

The company uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings. Contracts with nominal values of £21.4m (2015: £21.4m) fix interest on variable rate debts at an average rate of 1.943% (2015: 1.943%).

The fair values of interest rate swaps are determined using market values of equivalent instruments at the Balance Sheet date.

All interest rate swaps meet the conditions for hedge accounting, as set out in the accounting policies.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the Balance Sheet date:

	2016 £000	2016 £000	2015 £000	2015 £000
Maturity date	Notional value	Fair value liability	Notional value	Fair value liability
Two to five years	21,369	912	21,369	547

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three month LIBOR. The company will settle the difference between the fixed and floating interest rate on a net basis. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges to reduce the company's cash flow exposure resulting from variable interest rates on borrowings. The hedged cash flows are expected to occur and to affect profit over the period to maturity of the interest rate swaps. Losses of £404,000 (2015: losses of £236,000) were recognised in Other Comprehensive Income. £5,000 profit was recognised in relation to hedge ineffectiveness (2015 loss: £25,000) in the Profit and Loss account.

Also included in the financial instruments balance in note 13 is the fair value of the interest rate caps. At the Balance Sheet date the fair value of these instruments was £301,000 (2015: £265,000).



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

	2016 £000	2015 £000
15. Bank loans		
Within one year	1,350	1,250
Between one and two years	1,350	1,350
Between three and five years	53,903	56,712
	56,603	59,312

Bank loans and overdrafts are secured by way of a charge on properties of the Group companies and cross guarantees as follows:-

Lender	Loan £	Cross Guarantee
Santander UK plc	40,052,500	HMG Investments Limited HMG Developments Limited HMG (King Street) Limited HMG Aber Road Limited HMG Properties Limited HMG Prestwich Limited
Lloyds Bank plc	16,550,000	HMG Investments Limited
Interest on the loans is chargeable at varying rates above LIBOR.		

16. Provisions for liabilities

The Group	2016 £000	2016 £000
	Deferred Taxation (Note 17)	Total
At 1st September 2015	3	3
Provisions during the year	358	358
At 31st August 2016	361	361

	2016 £000	2015 £000
17. Deferred Tax		
Included in debtors (note 12)	144	71
Included in provisions for liabilities (note 16)	(361)	(3)
	(217)	68
The deferred tax account consists of		
Deferred tax on investment property revaluations	(361)	(3)
Deferred tax on financial instrument liabilities	144	71
	(217)	68



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

18. Called up share capital	2016 £000	2015 £000
Allotted, issued and fully paid 1,749,292 (2015: 1,749,292)		
Ordinary shares of 25p each	437	437

19. Reserves

Group	Share Premium Account £000	Cashflow Hedge Reserve £000	Other non Distributable Reserve £000	Profit & Loss Account £000	Total £000
As at 31st August 2015 restated under FRS102	26,345	(325)	14,685	152	40,857
Profit for the financial year and other comprehensive income	-	-	-	5,341	5,341
Dividends paid	-	-	-	(1,399)	(1,399)
Change in fair value of hedged financial instruments net of associated deferred tax	-	(331)	-	331	-
Revaluation surplus net of associated deferred tax liability	-	-	2,571	(2,571)	-
Revaluation transfer on sale of freehold investment properties	-	-	(287)	287	-
As at 31st August 2016	26,345	(656)	16,969	2,141	44,799

Company	Share Premium Account £000	Profit & Loss Account £000	Total £000
As at 31st August 2015	26,345	6,298	32,643
Retained profit for the year	-	3,062	3,062
Dividends paid	-	(1,399)	(1,399)
As at 31st August 2016	26,345	7,961	34,306



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

20. Profit attributable to members

Under the provisions of Section 408 of the Companies Act 2006 the Company is exempt from presenting its own Profit and Loss account. The amount of consolidated profit for the financial year dealt with in the financial statements of the Company is as follows:

	2016 £000	2015 £000
Company		
Profit on ordinary activities before taxation	3,062	2,313
Taxation	-	-
Profit for the financial year	3,062	2,313

The above figures include dividends from subsidiary companies

3,062	2,313
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21. Investment in Subsidiary companies

	2016 £000	2015 £000
Company		
As at 31st August 2016	26,799	26,799



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

		Capital & Reserves £	Profit for the year £
21.1. The Company holds 100% of the issued share capital of the following companies:			
HMG Investment Holdings Limited	Management & property investment holding company	1,071,216	2,388,086
HMG Trading Limited	Property trading & development holding company	1	674,950

21.2. HMG Investment Holdings Limited holds 100% of the issued share capital of the following companies:

HMG Properties Limited	Residential property investment	5,453,060	142,422
HMG Investments Limited	Commercial property investment	32,520,554	3,912,629
HMG Aber Road Limited	Property trading and development	(36,899)	11,668
HMG Flintshire Retail Park Limited	Dormant Company	1	-
Glencullen Limited	Dormant Company	90	-
Biltoneton Limited	Dormant Company	90	-
Matrix Property Investment Limited	Dormant Company	90	-

21.3. HMG Trading Limited holds 100% of the issued share capital of the following companies:

HMG Management Limited	Management	2,848	30,900
HMG Developments Limited	Property trading and development	100,000	234,409
HMG Prestwich Limited	Property trading and development	1	90,869
HMG (King Street) Limited	Property trading and development	1	209,401
Priorspur Limited	Property trading and development	2,061,518	45,245
Joneston Limited	Property trading and development	2,326,544	62,926

21.4. Glencullen Limited holds 100% of the issued share capital of Matrix Property Investment (Manchester 2) Limited.

Dormant Company	1	-
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All the subsidiary companies of The Hollins Murray Group Limited are incorporated in England and Wales.

Registered Office: St John's House, Barrington Road, Altrincham, Cheshire WA14 1TJ.

All subsidiary companies are included in the consolidated accounts.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

22. Contingent Liabilities

The Company has given the following guarantees:

- **to Santander UK plc in respect of a bank loan of £40,052,500 (2015: Santander UK plc £42,462,500) in respect of the following subsidiary companies:**

HMG Investments Limited
HMG Developments Limited
HMG (King Street) Limited
HMG Aber Road Limited
HMG Properties Limited
HMG Prestwich Limited
- **to Lloyds Bank plc in respect of a bank loan of £16,550,000 (2015: £16,850,000) in respect of its subsidiary company HMG Investments Limited.**

23. Post Balance Sheet Events

There are no events arising since the date of the Balance Sheet which require comment.

24. Capital Commitments

There were no capital commitments authorised by the Directors as at 31st August 2016 (2015 Nil).

25. Related Party Disclosures

The dividends paid to directors and their associates during the year are as follows:-

Bill Murray	£12,000
Nick Casson	£13,049
Charles Murray	£42,855
Bruce Murray	£8,141
Ted Murray	£27,308

Payments of £14,950 relating to letting fees were made during the year to Regional Property Solutions Limited, a company in which Charles Murray has a controlling interest.

Payments of £50,710 relating to property purchases and sales fees were made during the year to King Street Commercial Limited, a company in which Ted Murray has an interest.

Rental payments of £1,167 were received during the year from King Street Commercial Limited relating to a lease at 41 South King Street, Manchester.

26. Company Status

The Company is a close company within the provisions of the Corporation Tax Act 2010.



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

27. Transition to FRS 102

The Group has adopted FRS 102 for the year ended 31st August 2016 and has restated the comparative prior year amounts.

Changes for FRS 102 adoption

1. Interest rate swaps are now recognised at fair value at the Balance Sheet date. The change in fair value from the previous year is recognised in the Statement of Other Comprehensive Income (SOCl) except for the element of the change which is calculated as relating to hedge ineffectiveness which is recognised through the Profit and Loss account. Amounts recognised through the SOCl are included in a separate cash flow hedge reserve. At the Balance Sheet date any accruals relating to unsettled quarterly interest rate swap obligations are reclassified to the financial instruments liability within short term creditors.

2. Interest rate caps are now recognised at fair value at the Balance Sheet date with the change in fair value from the previous year recognised through the Profit and Loss account.

3. The freehold and leasehold properties continue to be valued at year end by professional valuers but any changes from the previous year are now initially recognised through the Profit and Loss account. To reflect the fact that the change in valuations do not form part of distributable reserves, a reserve transfer from the Profit and Loss to a non distributable reserve is now made. Therefore there is no overall impact on shareholders' funds in this regard. However deferred tax on revalued assets must now be provided for in full which does impact upon shareholders' funds.

4. Lease incentives are now recognised over the term of the lease rather than under UK GAAP where such incentives were spread up to the period of a rent review or break clause date.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 2016

Transition to FRS 102 - reconciliation

Restated consolidated statement of financial position	Explanation	31st August 2015 £000	1st September 2014 £000
Original shareholders' funds		41,908	38,994
Financial instruments at fair value	1 & 2	(812)	(548)
Reclassification of accrual to financial instruments liability	1	41	38
Deferred tax on financial instruments at fair value	1	71	29
Corporation tax on financial instruments at fair value	1 & 2	67	63
Deferred tax on revalued properties	3	9	407
Lease incentive adjustment to rental income	4	12	-
Corporation tax on lease incentive adjustment above	4	(2)	-
Restated shareholders' funds		41,294	38,983

There are no adjustments relating to the Company's financial position.

Restated consolidated gains and losses for the year ended 31st August 2015

	Explanation	£000
Original profit on ordinary activities after tax		2,583
Financial instruments at fair value recognised through the Profit and Loss account	1 & 2	(25)
Financial instruments at fair value recognised through the Statement of Other Comprehensive Income	1	(236)
Corporation tax on financial instruments at fair value recognised through the Profit and Loss account	1 & 2	4
Deferred tax on financial instruments at fair value recognised through the Statement of Other Comprehensive Income	1	42
Change in fair value of investment properties	3	1,660
Deferred tax on revalued investment properties	3	(398)
Lease incentive adjustment to rental income	4	12
Corporation tax on lease incentive adjustment above	4	(2)
Total recognised gains and losses for the year		3,640



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE HOLLINS MURRAY GROUP LIMITED

FOR THE YEAR ENDED 31ST AUGUST 2016

We have audited the financial statements of The Hollins Murray Group Limited for the year ended 31st August 2016 which comprise the Group Profit and Loss account, the Group and Parent Company Balance Sheets, the Group Statement of Cash Flows, the Group Statement of Other Comprehensive Income, the Group and Parent Company Statement of Changes in Equity and related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland".

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 8, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement, The Chief Executive Officer's Statement, the Directors' Report and the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE HOLLINS MURRAY GROUP LIMITED

(cont.)

Opinion on the financial statements

In our opinion the financial statements:

- **give a true and fair view of the state of the Group's and Parent Company's affairs as at 31st August 2016 and of the Group's 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 matter prescribed by the Companies Act 2006.

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or**
- **the Parent Company's financial statements are not in agreement with the accounting records and the 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.**

S.W. JOHNSON

SENIOR STATUTORY AUDITOR

For and on behalf of

PARKER GRADWELL & CO.

Chartered accountants and statutory auditor

17 Chapel Street

Hyde

Cheshire

SK14 1LF

11th November 2016



NOTICE OF MEETING

Notice is hereby given that the fourth Annual General Meeting of the Company will be held in the Boardroom, St John's House, Barrington Road, Altrincham, WA14 1TJ, on Friday 16th December 2016 at 12.00pm for the following purposes:-

To receive and adopt the Directors' Report and Statement of Accounts for the year ended 31st August 2016.

To re-elect Charles Murray as Director.

To re-elect Bruce Murray as Director

To confirm the Chairman's remuneration for the year ending 31st August 2017 of £60,000.

To confirm the non-executive Directors' remuneration for the year ending 31st August 2017 of £19,700.

To re-appoint Parker Gradwell & Company as Auditors and authorise the Directors to fix their remuneration.

To transact any other ordinary business of the Company.

Notes:

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his or her behalf - a proxy need not be a member of the Company. The instrument appointing a proxy must be lodged at the Company's Registered Office not later than 48 hours before the Meeting.

CHAIRMAN
BILL MURRAY BA HONS

CEO
NICK CASSON BSC MRICS

DIRECTORS
JOY BAGGALEY BA HONS FCA
CHARLES MURRAY
BRUCE MURRAY BA HONS ACA
TED MURRAY BA HONS MRICS

SECRETARY
CAROL HALL BA HONS FCA

Solicitors
LAND LAW LLP
10-14 Market Street
Altrincham
Cheshire WA14 1QB

Auditors
PARKER GRADWELL &
COMPANY
17 Chapel Street
Hyde
Cheshire SK14 1LF

Bankers
SANTANDER UK PLC
298 Deansgate
Manchester M3 4HH
LLOYDS BANK PLC
Norfolk House
7 Norfolk Street
Manchester M2 1DW

Registered Office

THE HOLLINS MURRAY GROUP LIMITED
St John's House
Barrington Road
Altrincham
Cheshire WA14 1TJ

Registered in England No. 8273718

T. 0161 929 5666

F. 0161 929 6555

www.hollinsmurray.co.uk



HOLLINS
MURRAY
GROUP

Report &
Accounts
2016

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Barrington Road
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