

Holland House (Northern) Limited

**Annual Report and Financial Statements
for the year ended
31 March 2019**

Registered number: SC390251



Holland House (Northern) Limited

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Holland House (Northern) Limited

Directors' report

The directors present their annual report on the affairs of Holland House (Northern) Limited (the "Company"), together with the financial statements for the year ended 31 March 2019. The registered number of the Company is SC390251.

Principal activities and future developments

The Company's principal activity is property acquisition and rental. The directors do not anticipate any change in the foreseeable future.

Going concern

The Company is in a net asset position as at 31 March 2019 and the directors have satisfied themselves that the Company has sufficient resources to meet its requirements for at least the next year, and therefore believe that preparing the financial statements on the going concern basis is appropriate.

Results

The profit before taxation was £1,054,077 (2018: £436,923). The tax on profit was £80,668 (2018: £103,305) which left a profit for the financial year of £973,409 (2018: £333,618).

Dividends

The directors have declared an interim dividend amounting to £1,000,000 (2018: nil). No final dividend declared during the year (2018: nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

Graeme Paton

Christina Ryan

Michael Mohun (resigning on 4 October 2019)

Tony Gara (appointed on 23 September 2019)

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of a Directors' and Officers' liability insurance, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. This indemnity, purchased by BT Group plc and applicable to the directors of Holland House (Northern) Limited was in force throughout the last financial year and is currently in force. Neither the insurance nor the indemnity provides cover where the person has acted fraudulently or dishonestly.

Holland House (Northern) Limited

Directors' report (continued)

Disclosure of information to the auditors

So far as each of the directors is aware, there is no relevant information that has not been disclosed to the Company's auditors and each of the directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Company's auditors have been made aware of that information.

Independent auditor

KPMG LLP have been appointed as auditor of the company during the financial year.

Small companies' exemption

The directors' report has been prepared taking advantage of the small companies' exemption of section 415A of the Companies Act 2006.

The directors' report on pages 2 to 3 was approved by the Board of directors on 18th December 2019 and were signed on its behalf by



Authorised Signatory
for and on behalf of Newgate Street Secretaries Limited
Company Secretary

18th December 2019

Registered Office Address:

81 Newgate Street, London, EC1A 7AJ, United Kingdom

Holland House (Northern) Limited

Statement of directors' responsibilities in respect of the The Directors' 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 101 Reduced Disclosure Framework.

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Holland House (Northern) Limited

Independent auditor's report to the members of Holland House (Northern) Limited

Opinion

We have audited the financial statements of Holland House (Northern) Limited ("the company") for the year ended 31 March 2019 which comprise the Balance Sheet, the Profit and loss account and the Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Holland House (Northern) Limited

Independent auditor's report to the members of Holland House (Northern) Limited (Continued)

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Holland House (Northern) Limited

Independent auditor's report to the members of Holland House (Northern) Limited (Continued)

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



John Edwards (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

14th December 2019

Holland House (Northern) Limited

Profit and loss account for the year ended 31 March 2019

	Note	2019 £	2018 £
Revenue	3	416,941	570,650
Gross Profit		<u>416,941</u>	<u>570,650</u>
Other operating costs	5	(83,248)	(112,530)
Other operating income	4	<u>706,827</u>	<u>-</u>
Operating profit		1,040,520	458,120
Interest receivable and similar income	6	19,395	-
Interest payable and similar expenses	7	<u>(5,838)</u>	<u>(21,197)</u>
Profit before taxation		1,054,077	436,923
Tax on profit	10	<u>(80,668)</u>	<u>(103,305)</u>
Profit for the financial year		<u><u>973,409</u></u>	<u><u>333,618</u></u>

All results derive from continuing operations.

There has been no other comprehensive income during either 2019 or 2018 other than as disclosed in the profit and loss account and therefore no separate statement of total comprehensive income has been presented.

The accompanying notes form an integral part of financial statements.

Holland House (Northern) Limited

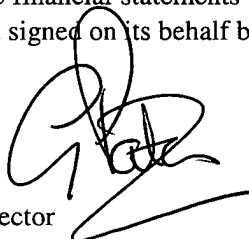
Balance sheet as at 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Investment property	11	<u>1,439,006</u>	<u>4,809,495</u>
Current assets			
Debtors	12	<u>2,198,068</u>	<u>268,150</u>
Creditors: amounts falling due within one year	13	<u>(88,558)</u>	<u>(1,502,538)</u>
Net current assets / (liabilities)		<u>2,109,510</u>	<u>(1,234,388)</u>
Total assets less current liabilities		<u>3,548,516</u>	<u>3,575,107</u>
Net assets		<u>3,548,516</u>	<u>3,575,107</u>
Equity			
Called up share capital	14	1,750,000	1,750,000
Retained earnings		<u>1,798,516</u>	<u>1,825,107</u>
Total equity		<u>3,548,516</u>	<u>3,575,107</u>

The accompanying notes form an integral part of financial statements.

The financial statements on pages 8 to 18 were approved by the Board of directors on 18th December 2019 and signed on its behalf by Graeme Paton

Director



Holland House (Northern) Limited

Statement of changes in equity for the year ended 31 March 2019

	£	£	£
	Called up share capital	Retained earnings	Total Equity
Balance at 1 April 2017	1,750,000	1,491,489	3,241,489
Profit for the financial year and total comprehensive income	-	333,618	333,618
Balance at 31 March 2018	1,750,000	1,825,107	3,575,107
Profit for the financial year and total comprehensive income	-	973,409	973,409
Dividend paid	-	(1,000,000)	(1,000,000)
Balance at 31 March 2019	<u>1,750,000</u>	<u>1,798,516</u>	<u>3,548,516</u>

The accompanying notes form an integral part of financial statements.

Holland House (Northern) Limited

Notes to the financial statements

1. General information

Holland House (Northern) Limited acts as a property company within the BT Group plc group of companies.

The company is a private company, limited by shares, and is incorporated and domiciled in the UK. The address of its registered office is Alexander Bain House, 15 York Street Glasgow G2 8LA.

2. Basis of preparation and accounting policies

The financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101), which involves the application of International Financial Reporting Standards (IFRS) with a reduced level of disclosure.

The financial statements have been prepared under the historic cost convention and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of complexity, or areas where assumptions and estimates are significant to the financial statements.

The financial statements present information about the Company as an individual undertaking, and not about its group. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare and deliver group financial statements as its financial statements are consolidated in the financial statements of BT Group plc, the ultimate parent entity.

Exemptions

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard. The following exemptions have been taken:

- The requirements of IAS 7 Statement of Cash Flows.
- The requirements of paragraphs 17 of IAS 24 Related Party Disclosures.
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of IFRS 7 Financial instruments disclosures
- Paragraphs 30 and 31 of IAS 8 accounting policies, changes in accounting estimates and errors.
- The following paragraphs of IAS 1 'Presentation of Financial Statements':
 - 10(d) (statement of cash flows);
 - 10(f) (third statement of financial position);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (third statement of financial position);
 - 111 (cash flow statement information); and
 - 134 to 136 (capital management disclosures).

Holland House (Northern) Limited

Notes to the financial statements (continued)

2. Basis of preparation and accounting policies (continued)

Exemptions (continued)

The company intends to continue to take advantage of these exemptions in future years.

Where required, equivalent disclosures have been given in the consolidated financial statements of BT Group plc.

Critical accounting estimates

The preparation of financial statements in accordance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The area involving a higher degree of judgement and where assumption and estimates are significant to the financial statements is the valuation of the property held by the company. There are a series of assumptions that the directors are required to make to arrive at a valuation, concerning the state of the property market, and other variables. These could result in different selling prices based on the assumptions used. The valuation that reflect more closely to the current position of the Company resulted in selling price of £1.675m. The net book value of £1.4m arrived at and recognised in the account is the director's best estimate of the value of the properties.

New and amended accounting standards effective during the year

There are no new or amended accounting standards or interpretations adopted during the year that have a significant impact on the financial statements.

Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Revenue

Revenue comprises rental income, which excludes value added tax and other sales taxes, receivable from external and other BT Group entities using the Company's investment properties. Revenue is recognised as service is provided.

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Holland House (Northern) Limited

Notes to the financial statements (continued)

2. Basis of preparation and accounting policies (continued)

Going concern

The Company is in a net asset position as at 31 March 2019 and the directors have satisfied themselves that the Company has sufficient resources to meet its requirements for at least the next year, and therefore believe that preparing the financial statements on the going concern basis is appropriate.

Investment Property and depreciation

Investment Properties are stated at historical cost, net of any accumulated depreciation, and any impairment charges. On disposal of Investment Property, the difference between the sale proceeds and the net book value at the date of disposal is recorded in operating costs in the profit and loss account.

Depreciation is provided on Investment Property on a straight line basis from the time the asset is available for use, to write off the asset's cost over the estimated useful life taking into account any expected residual value. Freehold land is not depreciated.

The lives assigned to significant Investment Property are:

	Years
Freehold Buildings	40
Plant & Machinery	19
Fixtures and Fittings	8

Leases

Assets acquired and held for use under operating leases are recorded as fixed assets and are depreciated on a straight line basis to their estimated residual values over their estimated useful lives. Operating lease income is recognised on a straight line basis to the date of the next rent review.

Dividend distribution

Dividend distributions are recognised as a liability in the year in which the dividends are approved by the company's shareholders. Interim dividends are recognised when they are paid; final dividends when authorised in general meetings by shareholders.

Current and deferred income tax

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised using the liability method, in respect of temporary differences between the carrying amount of the company's assets and liabilities and their tax base. A deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is determined using tax rates that are expected to apply in periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax balances are not discounted.

Holland House (Northern) Limited

Notes to the financial statements (continued)

2. Basis of preparation and accounting policies (continued)

Debtors

Total debtors are stated in the balance sheet at estimated net realisable value. Net realisable value is the invoiced amount less provision for doubtful debts.

Provisions are made specifically where there is objective evidence of a dispute or an inability to pay. An additional provision is made based on an analysis of balances by age, previous losses experienced and general economic conditions.

Creditors

Financial liabilities within creditors are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method.

3. Revenue

Revenue comprises rental income in respect of the use of property owned by Company. All revenue derived from service provided within UK.

4. Other operating income

	2019 £	2018 £
Profit on sale of tangible fixed assets (Refer Note 11)	<u>706,827</u>	<u>-</u>

5. Other operating costs

	2019 £	2018 £
Auditor's remuneration for statutory audit	6,000	5,722
Depreciation on investment properties	77,316	106,787
Others	(68)	21
	<u>83,248</u>	<u>112,530</u>

6. Interest receivable and similar income

	2019 £	2018 £
Interest receivable from group undertakings	<u>19,395</u>	<u>-</u>

Holland House (Northern) Limited

Notes to the financial statements (continued)

7. Interest payable and similar expenses

	2019	2018
	£	£
Interest payable on loans from group undertakings	<u>(5,838)</u>	<u>(21,197)</u>

8. Directors' emoluments

The directors are employed and remunerated by British Telecommunications plc or other group companies in respect of their services to the BT group as a whole. No emoluments were paid to the directors in respect of their services to the Company in either the year ended 31 March 2019 or the year ended 31 March 2018.

9. Employee information

The average monthly number of persons employed by the Company during the year was nil (2018: nil).

10. Tax on profit

	2019	2018
	£	£
Current tax:		
UK corporation tax current year	<u>80,668</u>	<u>103,305</u>

Reconciliation of the total tax charge

The tax expense in the income statement for the year is different than the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below.

	2019	2018
	£	£
Profit before taxation	1,054,077	436,923
Tax calculated at UK standard rate of corporation tax of 19% (2018: 19%)	200,275	83,015
Effects of:		
Expenses not deductible for tax purposes (depreciation)	14,690	20,290
Non-taxable income	<u>(134,297)</u>	<u>-</u>
	<u>80,668</u>	<u>103,305</u>

Factors affecting current and future tax charges

The rate of UK corporation tax will change from 19% to 17% on 1 April 2020. These rate changes will be applied to the future results of the Company but will have no effect on the current year as the Company has no deferred tax temporary differences.

Holland House (Northern) Limited

Notes to the financial statements (continued)

11. Investment property

	Freehold Land £	Freehold Buildings £	Plant & Machinery £	Fixtures and Fittings £	Total £
Cost					
As at 1 April 2018	1,814,258	3,293,934	339,437	52,589	5,500,218
Disposals	(1,414,796)	(2,226,224)	-	-	(3,641,020)
As at 31 March 2019	399,462	1,067,710	339,437	52,589	1,859,198
Accumulated depreciation					
As at 1 April 2018	-	(513,540)	(129,524)	(47,659)	(690,723)
Charged in the year	-	(54,521)	(17,865)	(4,930)	(77,316)
Disposals	-	347,847	-	-	347,847
As at 31 March 2019	-	(220,214)	(147,389)	(52,589)	(420,192)
Net book value as at 31 March 2019	399,462	847,496	192,048	-	1,439,006
Net book value as at 31 March 2018	1,814,258	2,780,394	209,913	4,930	4,809,495

The investment property is valued using the historical cost model. The net book value as at 31 March 2019 is the directors best estimate of the value of the freehold properties.

During the year, Manchester Cables property have been sold for £4m, NBV £3.293m and profit of £0.707m.

12. Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Amounts owed from group undertakings	2,198,068	268,150

Included in amounts owed to group undertakings is a loan from British Telecommunications plc of £1,992,449 (2018: £nil) which is repayable within 12 months, the loan attracts interest at LIBOR plus 42.5 (2018: 30) basis points.

Holland House (Northern) Limited

Notes to the financial statements (continued)

13. Creditors: amounts falling due within one year

	2019	2018
	£	£
Amounts owed to group undertakings	-	1,298,336
Other creditors	5,999	5,789
Deferred income	1,891	95,108
Corporation taxes	80,668	103,305
	<u>88,558</u>	<u>1,502,538</u>

Included in amounts owed to group undertakings is a loan from British Telecommunications plc of £nil (2018: £1,285,975) which is repayable within 12 months, the loan attracts interest at LIBOR plus 102.5 (2018: 90) basis points.

14. Called up share capital

	2019	2018
	£	£
Allotted, called up and fully paid: 1,750,000 (2018: 1,750,000) ordinary shares of £1 each	<u>1,750,000</u>	<u>1,750,000</u>

15. Contingent liabilities

At 31 March 2019, there are no contingent liabilities or guarantees other than those arising in the ordinary course of the Company's business and on these no material losses are anticipated (2018: £nil).

16. Leases

The investment property is leased to a fellow group company under a long term operating lease with rentals payable quarterly.

Minimum payments under non-cancellable operating leases of investment properties not recognised in the financial statements are as follows:

	2019	2018
	£	£
Within one year	184,963	570,650
Later than one year but not later than 5 years	61,644	1,336,431
Later than 5 years	-	-

Amounts recognised in profit or loss for investment properties

	2019	2018
	£	£
Rental income	<u>416,941</u>	<u>570,650</u>

Holland House (Northern) Limited

Notes to the financial statements (continued)

17. Controlling entity

The Company is a wholly owned subsidiary of British Telecommunications plc, which is the immediate controlling entity. The ultimate controlling entity is BT Group plc.

The parent undertaking of the largest group of companies into which the results of the Company are consolidated is BT Group plc, a company incorporated in England & Wales. Consequently the Company is exempt under the terms of IAS 24 "Related Party Disclosures" from disclosing details of transactions and balances with BT Group plc and fellow group subsidiaries provided such subsidiaries are wholly owned members of the group during the year ended 31 March 2019. Copies of the financial statements of BT Group plc may be obtained from The Secretary, BT Group plc, 81 Newgate Street, London EC1A 7AJ.

The parent undertaking of the smallest group of companies into which the results of the Company are consolidated is British Telecommunications plc, a company incorporated in England & Wales. Copies of the financial statements of British Telecommunications plc are available from The Secretary, British Telecommunications plc, 81 Newgate Street, London EC1A 7AJ.