

Company Registration No: 03730130

HOLAW (537) LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

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COMPANIES HOUSE

HOLAW (537) LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

R Tchenguiz
V A Tchenguiz

REGISTERED OFFICE

5th Floor
Leconfield House
Curzon Street
London
W1J 5JA

AUDITOR

RSM UK Audit LLP
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

SOLICITORS

Osborne Clarke
One London Wall
London
EC2Y 5EB

HOLAW (537) LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements of Holaw (537) Limited for the year ended 31 May 2017.

Principal activities and business review

The principal activity of the company during the year was property investment by holding lease interests in land and buildings.

In the opinion of the directors the result for the year and the financial position of the company at 31 May 2017 were satisfactory, given the support of Rotch Property Group Limited, a related company.

Results and dividends

The profit for the year amounted to £17,988 (2016: £24,511). The directors do not recommend the payment of a dividend.

Directors

The following directors have held office since 1 June 2016:

R Tchenguiz
V A Tchenguiz

Statement of directors' responsibilities

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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.

HOLAW (537) LIMITED

DIRECTORS' REPORT (continued)

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

The auditor, RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the Board:



R Tchenguiz
Director

27 October 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOLAW (537) LIMITED

Opinion on financial statements

We have audited the financial statements on pages 5 to 16. 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 UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 2, 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 (APB's) Ethical Standards for Auditors.

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.

RSM UK Audit LLP

Christopher Hurren FCA (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
3rd Floor, One London Square, Cross Lanes
Guildford, Surrey, GU1 1UN

22 December 2017

HOLAW (537) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2017

	Notes	2017 £	2016 £
Turnover	2	139,525	140,919
Administrative expenses		(4,700)	(5,700)
Operating profit		<u>134,825</u>	<u>135,219</u>
Interest payable and similar charges	3	(121,045)	(123,400)
Profit on ordinary activities before taxation	4	<u>13,780</u>	<u>11,819</u>
Taxation	6	4,208	12,692
Profit on ordinary activities after taxation		<u>17,988</u>	<u>24,511</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>17,988</u></u>	<u><u>24,511</u></u>

HOLAW (537) LIMITED**STATEMENT OF FINANCIAL POSITION (Company Registration Number: 03730130)****AT 31 MAY 2017**

	Notes	2017 £	2016 £
Current assets			
Debtors: amounts falling due within one year	7	264,652	263,957
Debtors: amounts falling due after more than one year	7	1,738,242	1,760,120
		<u>2,002,894</u>	<u>2,024,077</u>
Creditors: amounts falling due within one year	9	(77,801)	(71,297)
Net current assets		<u>1,925,093</u>	<u>1,952,780</u>
Total assets less current liabilities		<u>1,925,093</u>	<u>1,952,780</u>
Creditors: amounts falling due after more than one year	10	(1,914,176)	(1,955,643)
Provisions for liabilities	12	(190,131)	(194,339)
Net liabilities		<u>(179,214)</u>	<u>(197,202)</u>
Capital and reserves			
Called up share capital	13	2	2
Profit and loss account		(179,216)	(197,204)
Total equity		<u>(179,214)</u>	<u>(197,202)</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 5 to 16 were approved by the board of directors and authorised for issue on 27 October 2017 and are signed on its behalf by:



R Tchenguiz
Director

HOLAW (537) LIMITED**STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 MAY 2017**

	Share capital £	Profit and loss account £	Total £
Balance at 1 June 2015	2	(221,715)	(221,713)
Total comprehensive income for the year	-	24,511	24,511
Balance at 31 May 2016	<u>2</u>	<u>(197,204)</u>	<u>(197,202)</u>
Total comprehensive income for the year	-	17,988	17,988
Balance at 31 May 2017	<u>2</u>	<u>(179,216)</u>	<u>(179,214)</u>

HOLAW (537) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

1. Accounting policies

Company information

Holaw (537) Limited ("the Company") is a limited company domiciled and incorporated in England. The address of the Company's registered office and principal place of business is 5th Floor, Leconfield House, Curzon Street, W1J 5JA. The principal activity of the company during the year was that of property investment by holding lease interests in land and buildings.

1.1 Basis of accounting

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, as applicable to companies subject to the small companies regime.

1.2 Cash flow statement

The company has taken advantage of the small company exemption from preparing a cash flow statement under the terms of FRS 102, Section 7.

1.3 Going concern

The company's finance lease and funding structure has been set up to be principally self-funding.

The directors have assessed the structure and the continuation and availability of support provided by Rotch Property Group Limited (see note 15) and have determined that the company has, or can expect to have, sufficient working capital for its needs for at least the next 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate to prepare the accounts on the going concern basis.

1.4 Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the company.

1.5 Turnover

Finance charges on finance leases are recognised in the statement of comprehensive income so as to produce a constant return on the carrying amount.

1.6 Loan finance charges

Loan finance costs are amortised over the term of the related borrowings and the loans to which they relate are stated after deducting the amount of the unamortised finance costs.

1.7 Finance leases

Finance leases are initially stated at cost including acquisition costs. The carrying amount is increased by finance charges in the accounting period and reduced by payments received in the period. Finance charges are recognised in the profit and loss account so as to produce a constant return on the carrying amount.

HOLAW (537) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

1.8 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.9 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs, and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

HOLAW (537) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

1.9 Financial instruments (continued)

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity Instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.10 Critical accounting estimates and areas of judgement

Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Finance lease rentals

The key accounting estimate in preparing these financial statements relates to the rentals receivable under the finance lease which are subject to periodic increases. Amounts due from lessees under finance leases are recognised in debtors at the present value of the future minimum lease payments plus any unguaranteed residual value (the "net investment in the lease") plus incremental costs of negotiating and arranging the lease. Finance income from assets leased under a finance lease is allocated to accounting periods so as to reflect a constant periodic rate of return in the net investment in the lease.

HOLAW (537) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2017****1.10 Critical accounting estimates and areas of judgement (continued)***Deferred taxation*

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

2. Turnover

Turnover represents finance charges allocated to the period so as to give a constant periodic rate of return over the duration of the lease.

The company's turnover for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Interest payable and similar charges	2017	2016
	£	£
Loan interest payable to group undertakings	119,290	121,645
Amortisation of finance charges	1,755	1,755
	<u>121,045</u>	<u>123,400</u>
4. Profit on ordinary activities before taxation	2017	2016
	£	£
The profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration	3,500	4,500
	<u>3,500</u>	<u>4,500</u>

5. Employees and directors

There were no employees during the year apart from the directors who received no emoluments.

HOLAW (537) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

6. Taxation	2017 £	2016 £
Current tax		
UK corporation tax	-	-
Total current tax	-	-
Deferred tax:		
Effect of decreased tax rate on opening liability	(10,797)	(20,703)
Origination and reversal of timing differences	6,589	8,011
Total deferred tax	(4,208)	(12,692)
Total tax on loss on ordinary activities	(4,208)	(12,692)

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	13,780	11,819
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 20% (2016: 20%).	2,756	2,364
Effects of:		
Non deductible expenses	9,894	10,270
Group relief received without charge	(6,698)	(5,374)
UK transfer pricing	637	751
Adjustment in respect of finance leases	(6,589)	(8,011)
Origination and reversal of timing differences	6,589	8,011
Change in substantively enacted tax rate	(10,797)	(20,703)
Tax credit	(4,208)	(12,692)

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 18 November 2015. As a result of the change in the UK main rates of corporation tax, the relevant deferred tax balances have been remeasured.

HOLAW (537) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

7. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	242,774	247,434
Finance lease (note 8)	1,760,120	1,776,643
	<u>2,002,894</u>	<u>2,024,077</u>

Amounts falling due in more than one year and included in the debtors above are:

	2017 £	2016 £
Finance lease (note 8)	1,738,242	1,760,120

The original cost of the finance lease was £1,599,102 (2016: £1,599,102).

8. Finance leases

Gross amounts receivable under finance leases:

	2017 £	2016 £
Within one year	159,867	155,968
In the second to fifth years inclusive	680,448	663,851
After five years	2,542,599	2,719,063
Gross investment	3,382,914	3,538,882
Less: unearned finance income	(1,622,794)	(1,762,240)
Present value of minimum lease payments	<u>1,760,120</u>	<u>1,776,642</u>
Receivable:		
Within one year	21,878	16,523
In the second to fifth years inclusive	152,032	124,820
After five years	1,586,210	1,635,300
	<u>1,760,120</u>	<u>1,776,643</u>

The company did not recognise any contingent rentals during the year (2016: £Nil).

9. Creditors: amounts falling due within one year

	2017 £	2016 £
Loan from group undertakings (note 10)	50,528	43,608
Accruals and deferred income	27,273	27,689
	<u>77,801</u>	<u>71,297</u>

HOLAW (537) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

10. Creditors: amounts falling after more than one year

	2017 £	2016 £
Loans from group undertakings	1,914,176	1,955,643
Loan maturity analysis		
In less than one year	52,284	45,363
In more than one year but not more than two years	59,877	52,284
In more than two years but not more than five years	206,967	201,016
In more than five years	1,672,497	1,729,264
	1,991,625	2,027,927
Less: finance charges allocated to future periods	(26,921)	(28,676)
	1,964,704	1,999,251
Less: included in amounts due within one year	(50,528)	(43,608)
	1,914,176	1,955,643

The group undertaking loans comprise two loans which are in turn financed by two loans from a third party to that group undertaking and has been provided to the company on the same interest and repayment terms. The loans are secured by a fixed and floating charge on all assets of the company.

Loan:	Due date:	Bullet payment:
Loan 1	2032	£266,808

Loans 1 is repayable in instalments until the stated date when bullet payments are due.

Loan:	Interest shortfall rolls up:	Due date:
Loan 2	2021	2032

Loan 2 rolls up the interest shortfall into the loan balance on the stated date. Thereafter interest is paid in full and the loan is then repayable in instalments until the due date.

The loans are subject to cross-guarantees and cross-collateralisation of the underlying properties used as a security with other group loans. The total value of the group loans subject to this cross-collateralisation as at 31 May 2017, including the company's loan is £99,513,841 (2016: £101,250,806), and the fair value of the financial instruments also subject to the cross collateralisation is a liability of £23,435,431 (2016: £20,027,633).

The fair value of the financial instruments has been recognised in the relevant related party entities' financial statements.

11. Financial instruments

The carrying amount of the company's financial instruments at 31 May were:

	2017 £	2016 £
Financial assets:		
Debt instruments measured at amortised cost	242,774	247,434
Financial liabilities:		
Measured at amortised cost	2,009,763	2,046,402

HOLAW (537) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MAY 2017****12. Provision for liabilities**

	Deferred taxation £
1 June 2016	194,339
Profit and loss account	(4,208)
31 May 2017	<u>190,131</u>

Provision for deferred tax liabilities recognised by the company is as follows:

	2017 £	2016 £
Other timing differences	<u>190,131</u>	<u>194,339</u>

Other timing differences arise on the difference in recognition of net income from the finance lease over the lease term at a constant rate of return and that recognised for tax purposes. These timing differences are not expected to reverse until 2022.

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 and to 18% from 1 April 2020 had already been substantively enacted on 18 November 2015. As a result of the change in the UK main rates of corporation tax, the relevant deferred tax balances have been remeasured.

13. Share capital and reserves**Share capital**

	2017 £	2016 £
Allotted, issued and fully paid: 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

Reserves

Reserves of the Company represent the following:

Retained earnings

Cumulative profit and loss net of distributions to owners

14. Ultimate parent company and ultimate controlling party

The company's immediate parent company is Timecoast Limited, which is domiciled and incorporated in England.

The directors regard the ultimate holding company to be Sunnymist Limited a company incorporated in the British Virgin Islands.

The ultimate controlling party is the Tchenguiz Family Trust.

HOLAW (537) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2017

15. Related party transactions

The company is related to fellow subsidiaries of Sunnymist Limited, with whom in many cases it has directors in common.

One such company is Rotch Property Group Limited ("Rotch"). Rotch provides management services to the company. At the balance sheet date, and included within amounts owed by group undertakings, £242,774 (2016: £247,434) was due from that company. No interest accrues on this balance. Management fees payable for the year amounted to £1,200 (2016: £1,200).

Rotch Property Group Limited has agreed to provide support to assist the company in meeting its operational costs as they arise should this be necessary.

As set out in note 10, the company is party to a cross-collateralisation arrangement in respect of loan facilities as at the year end totalling £99,513,841 (2016: £101,250,806). Of this amount £24,619,146 (2016: £25,782,356) relates to loan facilities with Uni Lease No 1 Limited, a fellow subsidiary of Sunnymist Limited. The fair value of the financial instruments also subject to this cross-collateralisation arrangement is a liability of £23,435,431 (2016: £20,027,633) of which £2,515,806 (2016: £2,432,876) relates to Uni Lease No 1 Limited.

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.