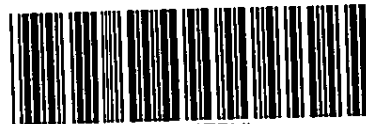


Hungate (York) Regeneration Limited

**Directors' report and financial
statements**

Registered number 04339730
For the year ended 30 June 2013

MONDAY



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Directors' report

The directors present the directors' report and the audited financial statements for the year ended 30 June 2013

Principal activities

The principal activity of the Company is that of property management and development.

The Company is a limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Millshaw, Leeds, West Yorkshire, LS11 8EG.

These financial statements were authorised for issue by the Board of Directors on 4 March 2014.

Results and dividends

The Company's profit after taxation for the year is £291,000 (2012 £115,000 loss).

The directors do not recommend the payment of a dividend (2012 £Nil).

After the balance sheet date, LS Hungate Limited sold its interest in the joint venture to White Rose Property Investments No. 2 Limited and Lend Lease Residential (Yorkshire) Limited who each now own 50% respectively.

Financial position

Shareholders' funds increased to £4,572,000 (2012 £4,281,000) during the year.

Directors

The directors who held office during the year under review and up to the date of this report were as follows:

| | |
|------------------|---------------------------|
| Mr KWB Hannah | (resigned 30 August 2013) |
| Mr HW Martin | (resigned 30 August 2013) |
| Mr PT Millington | |
| Mr C Murphy | |
| Mr JO Pitt | |
| Mr RJ Cook | (appointed 10 July 2013) |
| Mr RA Coppel | (resigned 10 July 2013) |

Disclosure of information to auditors

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

Directors' report *(continued)*

Auditors

On 24 January 2005, an elective resolution was passed to dispense with the holding of Annual General Meetings, the laying of reports and accounts before the Company in general meeting and the obligation to re-appoint auditors annually

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be re-appointed and KPMG LLP will therefore continue in office

By order of the board

A handwritten signature in black ink, appearing to read 'C Murphy', with a stylized, looping flourish at the end.

C Murphy
Director

Millshaw
Leeds
West Yorkshire
LS11 8EG

4 March 2014

Statement of directors' responsibilities in respect of 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)

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Hungate (York) Regeneration Limited

We have audited the financial statements of Hungate (York) Regeneration Limited for the year ended 30 June 2013 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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.

**Independent auditor's report to the members of Hungate (York)
Regeneration Limited (continued)**

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made or
- we have not received all the information and explanations we require for our audit



William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

4/3/2014

Profit and loss account
for the year ended 30 June 2013

| | <i>Notes</i> | 2013 £000 | 2012 £000 |
|--|--------------|----------------------------|----------------------------|
| Turnover | <i>1</i> | 4,085 | 5,222 |
| Cost of sales | | (3,525) | (5,093) |
| Gross profit | | 560 | 129 |
| Administrative expenses | | (150) | 54 |
| Operating profit | | 410 | 183 |
| Interest payable and similar charges | <i>4</i> | (28) | (338) |
| Profit/(loss) on ordinary activities before taxation | <i>3</i> | 382 | (155) |
| Tax on profit on ordinary activities | <i>5</i> | (91) | 40 |
| Profit/(loss) on ordinary activities after taxation, being profit/(loss) for the financial year transferred to reserves | <i>12</i> | 291 | (115) |

All amounts relate to continuing activities

There were no recognised gains or losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

Balance sheet
at 30 June 2013

| | <i>Notes</i> | 2013 £000 | 2012 £000 |
|---|--------------|----------------------------|----------------------------|
| Current assets | | | |
| Stock | 6 | 22,776 | 25 683 |
| Debtors | 7 | 53 | 110 |
| Cash at bank and in hand | | 5,425 | 2,013 |
| | | 28,254 | 27,806 |
| Creditors Amounts falling due within one year | 8 | (482) | (469) |
| Net current assets | | 27,772 | 27,337 |
| Creditors Amounts falling due after more than one year | 9 | (23,200) | (23 056) |
| Net assets | | 4,572 | 4,281 |
| Capital and reserves | | | |
| Called up share capital | 10 | 3,155 | 3,155 |
| Profit and loss account | 11 | 1,417 | 1 126 |
| Shareholders' funds | 12 | 4,572 | 4,281 |

These financial statements were approved by the board of directors on 4 March 2014 and were signed on its behalf by:



C Murphy
 Director

Cash flow statement
for year ended 30 June 2013

| | <i>Note</i> | 2013 £000 | 2012 £000 |
|--|-------------|--------------|--------------|
| Net cash inflow from operating activities | 13 | 3,440 | 3,867 |
| Returns on investment and servicing of finance | | | |
| Interest paid | | - | (56) |
| Net cash outflow from returns on investment and servicing of finance | | - | (56) |
| Taxation | | - | - |
| Financing | | | |
| Decrease in borrowings | | - | (1,890) |
| Net cash outflow from financing | | - | (1,890) |
| Increase in net cash | | 3,440 | 1,921 |
| Reconciliation to net debt | | | |
| Net debt at 1 July 2012/1 July 2011 | 14 | 2,013 | (1,688) |
| Increase in net cash | | 3,440 | 1,921 |
| Movement in borrowings | | - | 1,890 |
| Other non-cash changes | | (28) | (110) |
| Net debt at 30 June 2013/ 30 June 2012 | 14 | 5,425 | 2,013 |

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

Going concern

The Directors have assessed that the Company will continue to be able to meet its financial liabilities as they fall due for the twelve months following the signing date of these financial statements

For this reason, the Directors continue to adopt the going concern basis in preparing these financial statements

Turnover

Turnover and profits from the sale of development properties is recognised in the profit and loss account when

- the significant risks and rewards have been transferred to the buyer,
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the development properties sold,
- the revenue can be measured reliably and it is probable that the company will receive the consideration due, and
- the Company can measure reliably the costs incurred or to be incurred

All turnover arises within the UK and from one class of business

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, in respect of all timing differences which have originated but not reversed by the balance sheet date, except as otherwise required by FRS 19

Stock

Property in the course of development is valued at the lower of direct cost and net realisable value. Direct cost comprises the cost of land, raw materials, interest and development costs but excludes indirect overheads

The recoverable amount of inventory is assessed at each financial year and a provision for the diminution of value is raised by the Directors where cost (including costs to complete) exceeds net realisable value. In determining the recoverable amount, the directors have regard to the market conditions affecting the development, and the underlying strategy for selling the property

Bank loans and overdrafts

Borrowings are classified as creditors falling due within one year unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

Notes

(forming part of the financial statements)

1 Accounting policies (continued)

Borrowing costs

Borrowing costs include interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings. Ancillary costs incurred in the connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Borrowing costs are expensed as incurred except when funds are borrowed specifically for the acquisition and construction of the development, in these circumstances, borrowing costs are capitalised to the costs of the assets. When funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing.

Notes (continued)

2 Directors and employees

No director received any emoluments during the year for services to this Company (2012 £Nil)

There were no employees during the year (2012 Nil)

3 Profit/ (loss) on ordinary activities before taxation

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| <i>Profit/(loss) on ordinary activities before taxation is stated after charging</i> | | |
| Auditors remuneration – audit of these financial statements | 5 | 2 |
| Bank interest payable (Note 4) | 28 | 338 |

4 Interest payable and similar charges

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| <i>Interest payable and similar charges</i> | | |
| Bank loans and overdrafts | - | 56 |
| Amortisation of loan set up costs | 28 | 110 |
| Amortisation of interest capitalised to stock | - | 172 |
| Net interest payable | 28 | 338 |

Notes (continued)

5 Taxation

Analysis of charge in year

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| <i>UK corporation tax</i> | | |
| Current tax charge/(credit) on result for the year | 91 | (40) |
| Total current tax charge/(credit) | 91 | (40) |

Factors affecting the tax charge for the current year

The standard rate of corporation tax in the UK reduced during the year from 24% to 23% with effect from 1 April 2013. As a result, the average standard rate of corporation tax applicable to the Company for the year was 23.75% (2012: 25.5%). The tax credit for the period is equal to (2012: equal to) the average standard rate of corporation tax as shown below.

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| <i>Current tax reconciliation</i> | | |
| Profit/(loss) on ordinary activities before taxation | 382 | (155) |
| Current tax charge/(credit) using the UK corporation tax rate of 23.75% (2012: 25.5%) | 91 | (40) |
| Total current tax charge/(credit) for the year | 91 | (40) |

The 2013 Budget on 20 March 2013 announced that the UK corporation tax rate will reduce to 20% by 2015. A reduction in the rate from 24% to 23% (effective from 1 April 2013) was substantively enacted on 3 July 2012, and further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Company's future current tax charge accordingly and the impact has not yet been estimated.

6 Stocks

| | 2013 £000 | 2012 £000 |
|------------------|--------------|--------------|
| Work in progress | 22,776 | 25,683 |

Notes (continued)

7 Debtors

| | 2013 £000 | 2012 £000 |
|---------------|--------------|--------------|
| Trade debtors | 53 | - |
| Other debtors | - | 110 |
| | 53 | 110 |

8 Creditors: Amounts falling due within one year

| | 2013 £000 | 2012 £000 |
|------------------------------|--------------|--------------|
| Trade creditors | 3 | - |
| Corporation tax payable | 363 | 271 |
| Accruals and deferred income | 114 | 193 |
| Other creditors | 2 | 5 |
| | 482 | 469 |

9 Creditors: Amounts falling due after more than one year

| | 2013 £000 | 2012 £000 |
|--|---------------|---------------|
| Amounts owed to related undertakings (note 15) | 23,200 | 23,056 |

10 Called up share capital

| | 2013 £000 | 2012 £000 |
|--|--------------|--------------|
| <i>Authorised, allotted, called up and fully paid</i> | | |
| 300,000 (2010 300 000) 'A' ordinary shares of £1 each | 300 | 300 |
| 300 000 (2010 300 000) 'B' ordinary shares of £1 each | 300 | 300 |
| 300,000 (2010 300 000) 'C' ordinary shares of £1 each | 300 | 300 |
| 2,255 000 (2010 2 255,000) deferred ordinary shares of £1 each | 2,255 | 2,255 |
| | 3,155 | 3 155 |

The "A", "B" and "C" ordinary shares rank pari passu in every respect

The deferred shares confer no voting rights and no right to dividend. The shares' right to return of assets in the event of winding up or other distribution is subordinated to that of the 'A', 'B' and 'C' shares

Notes (continued)

11 Reserves

| | Profit and loss account £000 |
|-------------------------------|------------------------------------|
| At beginning of the year | 1 126 |
| Profit for the financial year | 291 |
| At end of the year | 1,417 |

12 Reconciliation of movements in shareholders' funds

| | 2013 £000 | 2012 £000 |
|--------------------------------------|--------------|--------------|
| Profit/(loss) for the financial year | 291 | (115) |
| Opening equity shareholders' funds | 4,281 | 4 396 |
| Closing equity shareholders' funds | 4,572 | 4 281 |

13 Cash flow from operating activities

Reconciliation of operating profit to net cash flow from operating activities

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| Continuing operations | | |
| Operating profit | 410 | 183 |
| Decrease in stocks | 2,907 | 3,768 |
| Decrease/(increase) in debtors | 57 | (62) |
| Increase/(decrease) in creditors | 66 | (22) |
| Net cash inflow from operating activities | 3,440 | 3,867 |

14 Analysis of net debt

| | As at 1 July 2012 £000 | Cash flow £000 | Non-cash Changes £000 | As at 30 June 2013 £000 |
|--------------------------|------------------------------|----------------------|-----------------------------|-------------------------------|
| Cash in hand and at bank | 2,013 | 3,440 | (28) | 5,425 |
| Net debt | 2,013 | 3 440 | (28) | 5,425 |

Non-cash changes comprise amortisation of capitalised loan set up costs

Notes (continued)

15 Related party transactions

The following transactions were carried out with related parties

During the year Lend Lease Residential (Yorkshire) Limited, a joint venture partner, provided management services to the Company. The total amount charged for management services during the year was a net charge of £144,000 (2012: £56,800 credit)

| | 2013 £000 | 2012 £000 |
|---|--------------|--------------|
| <i>Year-end balances arising from sales/purchases of goods/services</i> | | |
| Lend Lease Residential (Yorkshire) Limited | 574 | 430 |
| | 574 | 430 |
| <i>Year end balances arising from development funding from shareholders</i> | | |
| White Rose Property Investments No 2 Limited | 7,542 | 7,542 |
| LS Hungate Limited | 7,542 | 7,542 |
| Lend Lease Residential (Yorkshire) Limited | 7,542 | 7,542 |
| | 22,626 | 22,626 |
| Total related party creditors due after more than one year (Note 9) | 23,200 | 23,056 |

16 Joint venture and ultimate controlling parties

At 30 June 2013, the company was a joint venture between White Rose Property Investments No 2 Limited, LS Hungate Limited and Lend Lease Residential (Yorkshire) Limited, all registered in England and Wales

The directors consider that none of the undertakings set out below are able to act as the ultimate controlling party of the Company

| Name of undertaking | Description of shares held | Proportion of nominal value of ordinary/deferred shares held |
|--|----------------------------|--|
| White Rose Property Investments No 2 Limited | Ordinary | 33.3% |
| LS Hungate Limited | Ordinary | 33.3% |
| Lend Lease Residential (Yorkshire) Limited | Ordinary | 33.3% |
| Lend Lease Residential (Yorkshire) Limited | Deferred | 100% |

After the balance sheet date, LS Hungate Limited sold its interest in the joint venture to White Rose Property Investments No 2 Limited and Lend Lease Residential (Yorkshire) Limited who each now own 50% respectively