

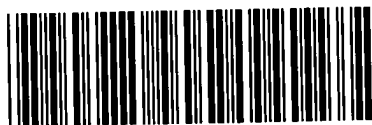
Hungate (York) Regeneration Limited

Annual report and financial statements

for the year ended 30 June 2017

Registered Number 04339730

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Annual report and financial statements

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Directors' Report

The directors present their annual report and the audited financial statements for the year ended 30 June 2017.

Principal activity

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 9 April 2018

Results and dividends

The profit for the year after taxation amounted to £3,842,552 (2016: loss of £2,485). This result was driven by the practical completion of units being achieved during the period.

The directors do not recommend the payment of a dividend (2016: £nil).

Financial Position

Shareholders' funds amounted to £8,345,648 (2016: £4,503,095).

Directors

The directors who held office during the year were as follows:

Mr RJ Cook
Mr PT Millington
Mr C Murphy
Mr JO Pitt

Disclosure of information to the auditor

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 auditor is 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 auditor is aware of that information.

Political and charitable contributions

The Company made no political or charitable contributions during the year (2016: £nil).

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



R Cook
Director
9 April 2018

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 company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- 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

Opinion

We have audited the financial statements of Hungate (York) Regeneration Limited ("the company") for the year ended 30 June 2017 which comprise the Statement of Comprehensive Income, Statement of Financial Position, the Statement of Cash Flows, Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the financial statements 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

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 twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that reports 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 those reports have 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
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; 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.

Auditors' responsibilities

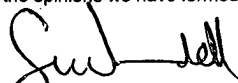
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit 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.

Independent Auditor's Report to the Members of Hungate (York) Regeneration Limited (continued)

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



Stephen Wardell

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square, London, E14 5GL

9 April 2018

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2017

	Note	2017 £000	2016 £000
Turnover		47,370	-
Cost of Sales		(41,250)	-
Administrative expenses		(3)	(2)
Operating profit / (loss)		6,117	(2)
 Finance expense		 (1,362)	 -
Profit / (loss) before taxation		4,755	(2)
 Taxation	 4	 (912)	 -
Profit / (loss) after taxation		3,843	(2)
 Other comprehensive income		 -	 -
Total comprehensive profit / (loss) for the year		3,843	(2)

The notes to and forming part of these financial statements are set out on pages 9 - 12.

Statement of Financial Position
as at 30 June 2017

	Note	2017 £000	2016 £000
Current assets			
Cash and cash equivalents		23,147	275
Inventory	5	16,468	44,671
Trade and other receivables	6	4,674	99
		<u>44,289</u>	<u>45,045</u>
Total assets		<u>44,289</u>	<u>45,045</u>
Non current liabilities			
Trade and other payables	8	(27,636)	(26,109)
		<u>(27,636)</u>	<u>(26,109)</u>
Current liabilities			
Trade and other payables	7	(8,307)	(14,433)
		<u>(8,307)</u>	<u>(14,433)</u>
Total liabilities		<u>(35,943)</u>	<u>(40,542)</u>
Net assets		<u>8,346</u>	<u>4,503</u>
Equity			
Share Capital	9	3,155	3,155
Retained earnings		5,191	1,348
Total equity		<u>8,346</u>	<u>4,503</u>

The notes to and forming part of these financial statements are set out on pages 9 - 12.

These financial statements were approved by the board of directors on 9 April 2018 and were signed on it's behalf by:


R Cook
Director

Registered Number : 04339730

Statement of Changes in Shareholder's Equity
for the year ended 30 June 2017

	Attributable to shareholder		
	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 July 2015	3,155	1,350	4,505
Loss for the year	-	(2)	(2)
Balance at 30 June 2016	3,155	1,348	4,503
Balance at 1 July 2016	3,155	1,348	4,503
Profit for the year	-	3,843	3,843
Balance at 30 June 2017	3,155	5,191	8,346

The notes to and forming part of these financial statements are set out on pages 9 - 12.

Statement of Cash Flows
for the year ended 30 June 2017

	2017	2016
	£000	£000
Cash flows from operating activities		
Profit / (loss) for the year	3,843	(2)
Adjustments for:		
Taxation	912	-
	<u>4,755</u>	<u>(2)</u>
(Increase) / decrease in trade and other receivables	(4,575)	73
Decrease / (increase) in inventories	28,203	(14,551)
(Decrease) / increase in trade and other payables	(5,511)	13,546
Taxation Paid	-	(18)
Net cash from / (used in) operating activities	<u>22,872</u>	<u>(952)</u>
Cash flow from investing activities		
Interest received	-	-
Net cash from investing activities	<u>-</u>	<u>-</u>
Cash flow from financing activities		
Interest paid	-	-
Net cash from financing activities	<u>-</u>	<u>-</u>
Increase / (decrease) in cash and cash equivalents	22,872	(952)
Cash and cash equivalents at 1 July	275	1,227
Cash and cash equivalents at 30 June	<u>23,147</u>	<u>275</u>

The notes to and forming part of these financial statements are set out on pages 9 - 12.

Notes to the Financial Statements

1 Accounting policies

Hungate (York) Regeneration Limited (the "Company") is a company incorporated in the UK. The principal accounting policies applied in the preparation of these financial statements are set out below. These 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 income statement 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 turnover 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

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Profit or Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Inventory

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the Statement of Cash Flows.

Trade and other receivables

Trade and other receivables are stated at their nominal amount (discounted if material) less provision for doubtful debts.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Profit or Loss and Other Comprehensive Income over the period of the borrowings on an effective interest basis.

Notes to the Financial Statements (continued)

2 Directors' remuneration and employees

All directors are employees of other related parties. Any qualifying services in respect of the Company are considered to be incidental and part of these directors' overall management responsibilities within these entities. Their remuneration for the current year and prior year was paid by and included in the financial statements of these companies.

The Company had no employees in the year (2016: nil).

3 Auditor's remuneration

Amounts receivable by the auditor and their associates in respect of:

	2017 £000	2016 £000
Audit of these financial statements	<u>(3)</u>	<u>(4)</u>

4 Taxation

(a) Recognised in the Statement of Profit or Loss and Other Comprehensive Income

	2017 £000	2016 £000
Current tax expense for the year	<u>912</u>	<u>-</u>

(b) Reconciliation of effective tax rate

The tax assessed differs from the application of the standard rate of corporation tax in the UK 2017: 19.75% (2016: 20%) to the Company's accounting loss before taxation for the following reasons:

	2017 £000	2016 £000
Profit / (loss) on ordinary activities before taxation.	<u>4,755</u>	<u>(2)</u>
Tax using the UK corporation tax rate of 19.75% (2016: 20%)	<u>939</u>	<u>-</u>
Effects of:		
Adjustments in respect of previous periods	(2)	-
Amounts not recognised	<u>(25)</u>	<u>-</u>
Total tax credit in statement of comprehensive income	<u>912</u>	<u>-</u>

(c) Factors that may affect future tax charges

A deferred tax asset of £128,334 was recognised in the year and will be recoverable against profits in the period to 30 June 2017. A deferred tax asset of £128,334 was not recognised at 30 June 2016. Trade losses carried forward at 30 June 2017 are nil (2016: £128,834).

The effective rate of taxation will vary as a result of any dividends paid by subsidiaries, overseas tax rates and the utilisation of tax losses brought forward.

A reduction in the corporate tax rate to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was enacted on 15 September 2016. This will reduce the Company's future current tax charge accordingly.

Accordingly, the Company's profits for the account period are tax at a statutory rate of 19.75% (2016: 20%).

5 Inventory

	2017 £000	2016 £000
Work in progress - current	<u>16,468</u>	<u>44,671</u>

6 Trade and other receivables

	2017 £000	2016 £000
Intercompany receivables	1,526	-
Other receivables	<u>3,148</u>	<u>99</u>
	<u>4,674</u>	<u>99</u>

Notes to the Financial Statements (continued)

7 Trade and other payables

	2017	2016
	£000	£000
Trade payables	(990)	(784)
Bank loan	-	(9,599)
Corporation tax payable	(1,239)	(319)
Other payables and accrued expenses	(6,078)	(3,731)
	<u>(8,307)</u>	<u>(14,433)</u>

8 Trade and other payables - non current

	2017	2016
	£000	£000
Lendlease Residential (Yorkshire) Limited	(14,078)	(13,327)
White Rose Investments No. 2 Limited	(13,532)	(12,782)
Lendlease Residential (CG) Plc	(9)	-
Lendlease Development (Europe) Limited	(17)	-
	<u>(27,636)</u>	<u>(26,109)</u>

9 Share capital

	2017	2016
	£000	£000
<i>Allotted, called up and fully paid</i>		
300,000 (2016: 300,000) "A" ordinary shares of £1 each	300	300
300,000 (2016: 300,000) "B" ordinary shares of £1 each	300	300
300,000 (2016: 300,000) "C" ordinary shares of £1 each	300	300
2,255,000 (2016: 2,255,000) deferred ordinary shares of £1 each	2,255	2,255
	<u>3,155</u>	<u>3,155</u>

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.

10 Related party disclosures

The following transactions were carried out with related parties:

	2017	2016
	£000	£000
Payables to related parties		
Loan from Lendlease Residential (Yorkshire) Limited	(12,554)	(13,327)
White Rose Investments No. 2 Limited	(13,532)	(12,782)
Loan from Lendlease Residential (CG) Limited	(9)	-
Lendlease Development (Europe) Limited	(17)	-
	<u>(26,113)</u>	<u>(26,109)</u>
Receivables from related parties		
Lendlease Europe Limited	3	-
Hungate (York) Retail Limited	1,523	-
	<u>1,526</u>	<u>-</u>

Notes to the Financial Statements (continued)

11 Financial risk management

Introduction and overview

The Company has exposure to the following risks:

- Credit risk
- Operational risks
- Interest rate risks

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

a) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. There are no significant concentrations of external credit risk with the Company's exposure to only related parties.

b) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure and from external factors other than credit risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness.

c) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument or cash flow associated with the instrument will fluctuate due to changes in the market interest rates. The Company's policy is to manage interest rate risk that impacts directly on the Company's assets and liabilities. The Company's exposure to interest rate risk is limited to movements in intra-group lending rates.

Compliance with the Company's standards is supported by a programme of periodic reviews which are discussed at Board level.

12 Investments in group companies and related undertakings

At 30 June 2017, the company was a joint venture between White Rose Property Investments No.2 Limited and Lendlease 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	Registered Office	Description of shares held	Proportion of nominal value of ordinary/deferred shares held
White Rose Property Investments No. 2 Limited	Millshaw, Leeds, West Yorkshire, LS11 8EG	Ordinary	50%
Lendlease Residential (Yorkshire) Limited	20 Triton Street, Regent's Place, London, NW1 3BF	Ordinary	50%
Lendlease Residential (Yorkshire) Limited	20 Triton Street, Regent's Place, London, NW1 3BF	Deferred	100%

13 Ultimate parent Company and parent undertaking of larger group of which the Company is a member

The Company is jointly controlled by Lendlease Residential (Yorkshire) Limited and White Rose Property Investments No. 2 Limited

The ultimate parent undertaking for Lendlease Residential (Yorkshire) Limited is Lendlease Corporation Limited, a company incorporated in Australia. The smallest group in which the share relating Lendlease Residential (Yorkshire) Limited is consolidated is headed by Lendlease Residential (CG) Limited. The ultimate parent undertaking for White Rose Property Investments No. 2 Limited is Drachs Investments No. 3 Limited, a company incorporated in Jersey. This is the largest and smallest group for which the share relating to White Rose Property Investments No. 2 Limited is consolidated.

14 Subsequent Events

There has been no event or circumstances since the end of the year to the date of this report that would significantly affect the Company.