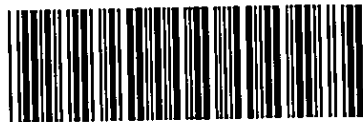


Hamsard 2517 Limited
Financial statements
30 September 2012

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Hamsard 2517 Limited

Financial statements

Year ended 30 September 2012

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Hamsard 2517 Limited

Officers and professional advisers

The board of directors

Andrew R Cunningham
Peter Q P Couch
Mark J Robson
Paul Barber
Nick P On
Mark Greenwood
Nicholas M F Jopling

Company secretary

Michael P Windle

Registered office

Citygate
St James' Boulevard
Newcastle Upon Tyne
NE1 4JE

Auditor

PricewaterhouseCoopers LLP
Chartered Accountants
& Statutory Auditor
89 Sandyford Road
Newcastle Upon Tyne
NE1 8HW

Bankers

Barclays Bank Plc
Barclays House
71 Grey Street
Newcastle Upon Tyne
NE99 1JP

Solicitors

Dickinson Dees LLP
St Ann's Wharf
112 Quayside
Newcastle Upon Tyne
NE99 1SB

Hamsard 2517 Limited

The directors' report

Year ended 30 September 2012

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 September 2012

Principal activities

The principal activity of the company during the year was property trading

Directors

The directors who served the company during the year were as follows

Andrew R Cunningham
Peter Q P Couch
Mark J Robson
Paul Barber
Nick P On
Mark Greenwood
Nicholas M F Jopling

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 year.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Hamsard 2517 Limited

The directors' report *(continued)*

Year ended 30 September 2012

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

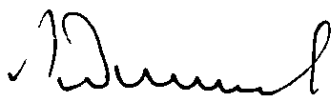
Auditor

PricewaterhouseCoopers LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

Signed by order of the directors



Michael P Windle
Company Secretary

Approved by the directors on 18 December 2012

Hamsard 2517 Limited

Independent auditor's report to the shareholders of Hamsard 2517 Limited

Year ended 30 September 2012

We have audited the financial statements of Hamsard 2517 Limited for the year ended 30 September 2012 which comprise the Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 September 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006

Hamsard 2517 Limited

Independent auditor's report to the shareholders of Hamsard 2517 Limited (continued)

Year ended 30 September 2012

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

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, or
- the directors were not entitled to prepare financial statements in accordance with the small company regime



MARK MENTON (Senior Statutory Auditor)
For and on behalf of
PRICEWATERHOUSECOOPERS LLP
Chartered Accountants & Statutory Auditor

89 Sandyford Road
Newcastle Upon Tyne
NE1 8HW

18 December 2012

Hamsard 2517 Limited

Profit and loss account

Year ended 30 September 2012

	Note	2012 £000	2011 £000
Turnover	2	7,082	6,488
Cost of sales		<u>(2,363)</u>	<u>(2,002)</u>
Gross profit		4,719	4,486
Administrative expenses		<u>(1,421)</u>	<u>–</u>
Operating profit	3	3,298	4,486
Interest payable and similar charges		<u>(522)</u>	<u>(541)</u>
Profit on ordinary activities before taxation		2,776	3,945
Tax on profit on ordinary activities	4	<u>(694)</u>	<u>(1,065)</u>
Profit for the financial year		2,082	2,880
Balance brought forward		<u>10,269</u>	<u>7,389</u>
Balance carried forward		<u>12,351</u>	<u>10,269</u>

All of the activities of the company are classed as continuing

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £2,082,000 attributable to the shareholders for the year ended 30 September 2012 (2011 - profit of £2,880,000)

The notes on pages 8 to 11 form part of these financial statements

Hamsard 2517 Limited

Balance sheet

30 September 2012

	Note	2012 £000	2011 £000
Fixed assets			
Investments	5	<u>1,000</u>	<u>1,000</u>
Current assets			
Stocks	6	20,160	21,951
Debtors	7	<u>4,742</u>	<u>7</u>
		24,902	21,958
Creditors Amounts falling due within one year	8	<u>(13,551)</u>	<u>(12,689)</u>
Net current assets		<u>11,351</u>	<u>9,269</u>
Total assets less current liabilities		<u>12,351</u>	<u>10,269</u>
Capital and reserves			
Share capital	11	–	–
Profit and loss account		<u>12,351</u>	<u>10,269</u>
Shareholders' funds	12	<u>12,351</u>	<u>10,269</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

These financial statements were approved by the directors and authorised for issue on 18 December 2012, and are signed on their behalf by



Mark Greenwood
Director

Company Registration Number 04413349

The notes on pages 8 to 11 form part of these financial statements

Hamsard 2517 Limited

Notes to the financial statements

Year ended 30 September 2012

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards

The financial statements are prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, which have been applied consistently throughout the year

Cash flow statement

The company is a wholly owned subsidiary of Grainger plc and the cash flows of the company are included in the consolidated cash flow statement of Grainger plc. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised 1996) from preparing a cash flow statement

Turnover

Turnover comprises gross rentals, gross sale proceeds of trading properties and land, and sundry other income, exclusive of VAT. Sales of properties are only accounted for when the cash proceeds are received in full or the company has entered into a legally binding contract

Investments

Fixed asset investments are stated at cost less provision for impairment

Stocks

Trading properties are shown in the financial statements at the lower of cost to the company and net realisable value. Cost to the company includes legal and surveying charges incurred during the acquisition plus improvement costs. Net realisable value is the net sale proceeds which the company expects on sale of a property with vacant possession

Repairs are expensed in the profit and loss account as incurred. Improvement costs are capitalised

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Hamsard 2517 Limited

Notes to the financial statements

Year ended 30 September 2012

1 Accounting policies (*continued*)

Group accounts

The financial statements contain information about Hamsard 2517 Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of the ultimate parent company, Grainger plc, a company registered in England and Wales.

2. Turnover

The total turnover of the company has been derived from its principal activity wholly undertaken in the UK as defined in the directors' report

3 Operating profit

Operating profit is stated after charging

	2012 £000	2011 £000
Auditor's fees	—	1

Audit fees are statutory audit fees only and are borne by another Group company

There are no persons holding service contracts with the company. None of the directors received any remuneration from the company during the year, or in the previous year

4 Taxation on ordinary activities

(a) Analysis of charge in the year

	2012 £000	2011 £000
Current tax		
UK Corporation tax based on the results for the year at 25% (2011 - 27%)	694	1,065
Total current tax	694	1,065

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 25% (2011 - 27%)

	2012 £000	2011 £000
Profit on ordinary activities before taxation	2,776	3,945
Profit on ordinary activities by rate of tax	694	1,065
Total current tax (note 4(a))	694	1,065

Hamsard 2517 Limited

Notes to the financial statements

Year ended 30 September 2012

4 Taxation on ordinary activities *(continued)*

(c) Factors that may affect future tax charges

No provisions have been made for tax that would become payable if the company's properties were sold at their year end replacement values. The total unprovided deferred tax in respect of this is £7,052,000 (2011 £8,167,000)

There are no other factors that are expected to significantly affect the taxation charge in future years

5. Investments

	Shares in subsidiary undertakings £000
Cost	
At 1 October 2011 and 30 September 2012	<u>1,000</u>
Net book value	
At 30 September 2012 and 30 September 2011	<u>1,000</u>

Principal interests of the company

The company owns 100% of the issued share capital of the companies listed below

	Nature of business
Hamsard 2517 (New Business) Limited	Property trading
All companies are incorporated in England and Wales	

6 Stocks

	2012 £000	2011 £000
Trading properties	<u>20,160</u>	<u>21,951</u>

The replacement value of stock is £50,819,363 (2011 £54,619,493) based on market value at 30 September 2012

Stock is stated in the balance sheet at the lower of cost and net realisable value. Net realisable value is the net sales proceeds which the company expects on sale of a property with vacant possession. The directors have reviewed the vacant possession valuations of the properties. They have concluded that the net realisable value exceeds the book cost of the properties and therefore no provision against the carrying value of stock is required.

7 Debtors

	2012 £000	2011 £000
Trade debtors	166	1
Amounts owed by group undertakings	4,576	—
Other debtors	—	6
	<u>4,742</u>	<u>7</u>

Hamsard 2517 Limited

Notes to the financial statements

Year ended 30 September 2012

8 Creditors Amounts falling due within one year

	2012	2011
	£000	£000
Amounts owed to group undertakings	13,379	12,688
Other creditors	172	1
	<u>13,551</u>	<u>12,689</u>

Included within amounts owed to group undertakings is an unsecured loan with a year end balance of £13,378,053 (2011 £12,856,358) The loan bears interest at LIBOR plus margin plus costs, which averaged 3.96% in the year and is repayable on demand. All other amounts owed to group undertakings are unsecured, bear no interest, and are repayable on demand.

9 Contingent liability

At 30 September 2012 the company has guaranteed bank loans of £36,320,278 (2011 £34,118,165) of its parent company, Hamsard 2518 Limited, by means of a legal charge over its assets.

10 Related party transactions

The company has taken advantage of the exemption available under Financial Reporting Standard No 8 and has not disclosed transactions with companies that are part of the Grainger plc group.

11 Share capital

Authorised share capital:

	2012	2011
	£000	£000
100 Ordinary shares of £1 each	-	-

Allotted, called up and fully paid:

	2012		2011	
	No	£000	No	£000
1 Ordinary shares of £1 each	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

12 Reconciliation of movements in shareholders' funds

	2012	2011
	£000	£000
Profit for the financial year	2,082	2,880
Opening shareholders' funds	<u>10,269</u>	<u>7,389</u>
Closing shareholders' funds	<u>12,351</u>	<u>10,269</u>

13. Ultimate parent company

The directors regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial statements may be obtained from The Secretary, Grainger plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

Hamsard 2518 Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.