

Hamsard 2517 Limited
Financial statements
30 September 2015



Hamsard 2517 Limited

Financial statements

Year ended 30 September 2015

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Hamsard 2517 Limited

Officers and professional advisers

The board of directors	Andrew R Cunningham 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	KPMG LLP Quayside House 110 Quayside Newcastle Upon Tyne NE1 3DX
Bankers	Lloyds Bank Plc 32 Oxford Street London W1R 2BS
Solicitors	Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE99 1SB

Hamsard 2517 Limited

Strategic report

Year ended 30 September 2015

The directors present their strategic report for the year ended 30 September 2015.

Principal activity

The principal activity of the company and its subsidiary during the year was property trading.

Strategy and business model

Grainger is a specialist residential company. Our objective is to be a leader in the residential market, delivering sustainable long-term returns to our investors and our partners from a combination of sales, rents and fee income. We will achieve this by maintaining our leadership role within the industry, locating and managing our assets to deliver the best returns, balancing the sources of our income through exploiting changing market opportunities and optimising our financial and operational gearing to match market conditions.

Through our business model we deliver strong returns from our reversionary and market rented assets and our residential expertise allows us to supplement these returns by generating management fee income. Our expertise and the scale of our assets and operations enable us to generate sustainable income streams.

Assets:

Reversionary Assets: we acquire tenanted properties at a discount to vacant possession value and sell them when they become vacant. We continue to seek acquisition opportunities for reversionary assets.

Sales:

The majority of our recurring sales revenues and profit on sale comes from the sale of properties when they fall vacant thereby releasing the inherent reversionary surplus. In addition, when we decide that a particular property no longer offers attractive future growth we sell these properties while occupied (tenanted sales). We also take advantage of opportunities for adding value by utilising our in-house expertise to refurbish a select number of properties before sale.

Review of the business

The company is a subsidiary of Grainger plc. The directors of Grainger plc, the ultimate parent undertaking, manage the group's strategy and risks at a group level, rather than at an individual company level. Similarly the financial and operational performance of the business is assessed at a business unit level. The directors of the company are satisfied with the results for the year ended 30 September 2015.

The company's directors believe that analysis using financial and non-financial measures is not necessary or appropriate to understand the business' development, performance or position.

Hamsard 2517 Limited

Strategic report *(continued)*

Year ended 30 September 2015

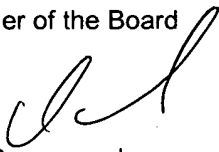
Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. The principal risks and uncertainties of the group, which are specific to the company, include: a deterioration and/or instability of wider global/European economic markets leading to long-term flat or negative growth in the value of assets; a lack of availability of finance for the group to achieve its strategic objectives; a failure to meet current or increased legal or regulatory obligations; a failure to attract, retain and develop our people; a significant failure within or by a key third-party supplier or contractor; a significant Health and Safety incident; and a failure of the supporting control environment.

Future developments

The directors expect the performance of the company to continue satisfactorily for the foreseeable future.

By Order of the Board



Mark Greenwood
Director
14 December 2015

Signed by order of the directors



Michael P Windle
Company Secretary

Approved by the directors on 14 December 2015

Hamsard 2517 Limited

Directors' report

Year ended 30 September 2015

The directors present their report and the financial statements of the company for the year ended 30 September 2015.

Results and dividends

The profit for the year, after taxation, amounted to £3,560,000 (2014: £5,459,000). The directors have not recommended a dividend.

Directors

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

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

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 these 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;
- 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

Hamsard 2517 Limited

Directors' report *(continued)*

Year ended 30 September 2015

Auditor

KPMG LLP were appointed as auditor during the year, and are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

Each of the persons who is a director at the date of approval of this report confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all 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.

Signed by order of the board



Michael P Windle
Company Secretary

Approved by the directors on 14 December 2015

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

We have audited the financial statements of Hamsard 2517 Limited for the year ended 30 September 2015 set out on pages 8 to 14. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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.

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 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 September 2015 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

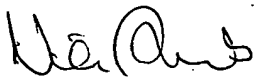
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of
Hamsard 2517 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.



Nick Plumb (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle Upon Tyne
NE1 3DX

16 December 2015

Hamsard 2517 Limited

Profit and loss account

Year ended 30 September 2015

	Note	2015 £000	2014 £000
Turnover	2	7,496	10,655
Cost of sales		(1,852)	(2,888)
Gross profit		5,644	7,767
Administrative expenses		(1,351)	(682)
Operating profit	3	4,293	7,085
Interest receivable	5	185	–
Interest payable and similar charges	6	–	(86)
Profit on ordinary activities before taxation		4,478	6,999
Tax on profit on ordinary activities	7	(918)	(1,540)
Profit for the financial year		<u>3,560</u>	<u>5,459</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 £3,560,000 attributable to the shareholder for the year ended 30 September 2015 (2014 - profit of £5,459,000).

The notes on pages 10 to 14 form part of these financial statements.

Hamsard 2517 Limited

Balance sheet

30 September 2015

	Note	2015 £000	2014 £000
Fixed assets			
Investments	8	<u>1,000</u>	<u>1,000</u>
Current assets			
Stocks	9	14,963	16,423
Debtors	10	<u>8,162</u>	<u>4,447</u>
		23,125	20,870
Creditors: Amounts falling due within one year	11	<u>(1,017)</u>	<u>(2,322)</u>
Net current assets		<u>22,108</u>	<u>18,548</u>
Total assets less current liabilities		<u>23,108</u>	<u>19,548</u>
Capital and reserves			
Share capital	14	—	—
Profit and loss account	15	<u>23,108</u>	<u>19,548</u>
Shareholder's funds	16	<u>23,108</u>	<u>19,548</u>

These accounts were approved by the directors and authorised for issue on 14 December 2015, and are signed on their behalf by:



Mark Greenwood
Director

Company Registration Number: 04413349

The notes on pages 10 to 14 form part of these financial statements.

Hamsard 2517 Limited

Notes to the financial statements

Year ended 30 September 2015

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention.

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 FRS 1 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. Gross rentals are recognised on a straight line basis over the lease term on an accruals basis. Sundry other income is recognised when it becomes receivable.

Investments

Fixed asset investments are stated at cost less any provisions for impairment.

Stocks

Trading properties are shown in the financial statements at the lower of cost and net realisable value. Cost 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.

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.

Hamsard 2517 Limited

Notes to the financial statements

Year ended 30 September 2015

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 crediting:

	2015 £000	2014 £000
Auditor's remuneration		
- audit of these financial statements	<u>-</u>	<u>-</u>

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

4. Particulars of employees

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, in respect of their services to the company.

5. Interest receivable

	2015 £000	2014 £000
Interest from group undertakings	<u>185</u>	<u>-</u>

6. Interest payable and similar charges

	2015 £000	2014 £000
Interest payable to group undertakings	<u>-</u>	<u>86</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2015 £000	2014 £000
Current tax:		
UK Corporation tax based on the results for the year at 20.50% (2014 - 22%)	<u>918</u>	<u>1,540</u>
Total current tax	<u>918</u>	<u>1,540</u>

Hamsard 2517 Limited

Notes to the financial statements

Year ended 30 September 2015

7. Taxation on ordinary activities *(continued)*

(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 20.50% (2014 - 22%).

	2015 £000	2014 £000
Profit on ordinary activities before taxation	<u>4,478</u>	<u>6,999</u>
Profit on ordinary activities by rate of tax	<u>918</u>	<u>1,540</u>
Total current tax (note 7(a))	<u>918</u>	<u>1,540</u>

(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 £5,490,320 (2014: £6,378,954).

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

8. Investments

	Shares in subsidiary undertakings £000
Cost	
At 1 October 2014 and 30 September 2015	<u>1,000</u>
Net book value	
At 30 September 2015 and 30 September 2014	<u>1,000</u>

Principal interests of the company

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

	Nature of business
Hamsard 2517 (New Business) Limited	Property trading

The subsidiary company is incorporated in England and Wales.

Hamsard 2517 Limited

Notes to the financial statements

Year ended 30 September 2015

9. Stocks

	2015	2014
	£000	£000
Trading properties	<u>14,963</u>	<u>16,423</u>

The replacement value of stock is £42,414,544 (2014: £48,317,675) based on market value at 30 September 2015, as assessed by external experts.

The directors have reviewed the net realisable value 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.

10. Debtors

	2015	2014
	£000	£000
Trade debtors	1,338	459
Amounts owed by group undertakings	6,824	3,987
Other debtors	—	1
	<u>8,162</u>	<u>4,447</u>

11. Creditors: Amounts falling due within one year

	2015	2014
	£000	£000
Trade creditors	—	1
Amounts owed to group undertakings	776	2,222
Corporation tax	215	—
Other creditors	26	99
	<u>1,017</u>	<u>2,322</u>

Amounts owed to group undertakings are unsecured, bear no interest, and are repayable on demand.

12. Contingent liability

At 30 September 2015 the company has guaranteed bank loans of £19,910,425 (2014: £23,029,746) of its parent company, Hamsard 2518 Limited, by means of a legal charge over its assets.

13. Related party transactions

The company has taken advantage of the exemption available under FRS 8 and has not disclosed transactions with companies that are wholly owned members of the Grainger plc group.

14. Share capital

Allotted, called up and fully paid:

	2015		2014	
	No	£000	No	£000
Ordinary shares of £1 each	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

Hamsard 2517 Limited

Notes to the financial statements

Year ended 30 September 2015

15. Profit and loss account

	2015	2014
	£000	£000
Balance brought forward	19,548	14,089
Profit for the financial year	3,560	5,459
Balance carried forward	<u>23,108</u>	<u>19,548</u>

16. Reconciliation of movements in shareholder's funds

	2015	2014
	£000	£000
Profit for the financial year	3,560	5,459
Opening shareholder's funds	19,548	14,089
Closing shareholder's funds	<u>23,108</u>	<u>19,548</u>

17. 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.