

Registered number: 05213591

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**HARTLEY (HEAD OFFICE) LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2018**



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**HARTLEY (HEAD OFFICE) LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	I.M.Directors Limited C M Cain Grosvenor Secretaries Limited
<b>Registered number</b>	05213591
<b>Registered office</b>	Cumberland House Greenside Lane Bradford West Yorkshire BD8 9TF
<b>Independent auditors</b>	Crowe U.K. LLP 3rd floor The Lexicon Mount Street Manchester M2 5NT

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## HARTLEY (HEAD OFFICE) LIMITED

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## **HARTLEY (HEAD OFFICE) LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018**

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The directors present their report and the financial statements for the year ended 31 March 2018.

#### **Directors' responsibilities statement**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

#### **Directors**

The directors who served during the year were:

I.M.Directors Limited  
C M Cain  
Grosvenor Secretaries Limited

#### **Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Auditors**

The auditors, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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**HARTLEY (HEAD OFFICE) LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2018**

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**Small companies exemption**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 10 December 2018 and signed on its behalf.



Grosvenor Secretaries Limited  
Secretary

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## **HARTLEY (HEAD OFFICE) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HARTLEY (HEAD OFFICE) LIMITED**

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#### **Opinion**

We have audited the financial statements of Hartley (Head Office) Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of comprehensive income, the Balance sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its loss 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

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## **HARTLEY (HEAD OFFICE) LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HARTLEY (HEAD OFFICE) LIMITED (CONTINUED)**

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misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- 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
- 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 material misstatements in the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

#### **Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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## HARTLEY (HEAD OFFICE) LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HARTLEY (HEAD OFFICE) LIMITED (CONTINUED)

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#### Auditors' responsibilities for the audit of the financial statements

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 an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' report.

#### Use of our report

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 Auditors' 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.



Michael Jayson (Senior statutory auditor)

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

3rd floor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

12 December 2018



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**HARTLEY (HEAD OFFICE) LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2018**

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	Note	2018 £	2017 £
Turnover		2,007	1,363
<b>Gross profit</b>		<u>2,007</u>	<u>1,363</u>
Administrative expenses		(321,198)	(365,868)
<b>Operating loss</b>	3	<u>(319,191)</u>	<u>(364,505)</u>
Interest receivable and similar income		198	-
Interest payable and expenses		(288,117)	(268,578)
<b>Loss before tax</b>		<u>(607,110)</u>	<u>(633,083)</u>
<b>Loss for the financial year</b>		<u>(607,110)</u>	<u>(633,083)</u>
 <b>Total comprehensive income for the year</b>		 <u>(607,110)</u>	 <u>(633,083)</u>

The notes on pages 8 to 14 form part of these financial statements.

**HARTLEY (HEAD OFFICE) LIMITED**  
**REGISTERED NUMBER: 05213591**

**BALANCE SHEET**  
**AS AT 31 MARCH 2018**

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Tangible assets	5	145,807	146,515
<b>Current assets</b>			
Stocks	6	2,000	2,000
Debtors: amounts falling due within one year	7	27,546	5,991
Cash at bank and in hand	8	159,209	492,962
		<u>188,755</u>	<u>500,953</u>
Creditors: amounts falling due within one year	9	(12,228,605)	(11,934,402)
<b>Net current liabilities</b>		<u>(12,039,850)</u>	<u>(11,433,449)</u>
<b>Total assets less current liabilities</b>		<u>(11,894,043)</u>	<u>(11,286,934)</u>
<b>Net liabilities</b>		<u>(11,894,043)</u>	<u>(11,286,934)</u>
<b>Capital and reserves.</b>			
Called up share capital		1	1
Profit and loss account		(11,894,044)	(11,286,935)
		<u>(11,894,043)</u>	<u>(11,286,934)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 December 2018.

  
**I.M. Directors Limited**  
A J Lewis, Director

The notes on pages 8 to 14 form part of these financial statements.

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## HARTLEY (HEAD OFFICE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 1. General information

The company is a limited liability company registered in England (Registered no. 05213591)

The registered office address is;  
Cumberland House  
Greenside Lane  
Bradford  
West Yorkshire  
BD8 9TF

The principal activity is operating as a service company to the group.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

##### 2.2 Going concern

The balance sheet shows net liabilities of £11,894,043 and net current liabilities of £12,039,850.

Loans from group undertakings are repayable on demand, however the directors have received assurances from the group that it is the current intention to provide the required level of loan facilities to finance the company's operations for the foreseeable future, with a review in 12 months from the date of approval of these financial statements.

As repayment of amounts due to group undertakings of £12,148,495 (2017: £11,835,842) will not be demanded for the foreseeable future and in view of these assurances, the directors have prepared the financial statements on the going concern basis.

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## HARTLEY (HEAD OFFICE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

##### 2.4 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

##### 2.5 Finance costs

Finance costs are charged to the Statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### 2.6 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### 2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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## HARTLEY (HEAD OFFICE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.7 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles, plant and machinery	- 4 to 10 years
Fixtures, fittings, tools and equipment	- 4 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

##### 2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

##### 2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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## HARTLEY (HEAD OFFICE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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#### 2. Accounting policies (continued)

##### 2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

#### 3. Operating loss

The operating loss is stated after charging:

	2018	2017
	£	£
Depreciation of tangible assets	708	1,355
Fees payable to the auditor for the audit of the annual financial statements	-	5,000
Defined contribution pension cost	1,653	-
	<u>2,361</u>	<u>6,355</u>

#### 4. Employees

The average monthly number of employees, including directors, during the year was 7 (2017 - 7).

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**HARTLEY (HEAD OFFICE) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**5. Tangible fixed assets**

	Fixtures and fittings, tools and equipment £	Motor vehicles, plant and machinery £	Total £
<b>Cost or valuation</b>			
At 1 April 2017	206,088	32,205	238,293
At 31 March 2018	<u>206,088</u>	<u>32,205</u>	<u>238,293</u>
<b>Depreciation</b>			
At 1 April 2017	61,493	30,285	91,778
Charge for the year on owned assets	-	708	708
At 31 March 2018	<u>61,493</u>	<u>30,993</u>	<u>92,486</u>
<b>Net book value</b>			
At 31 March 2018	<u>144,595</u>	<u>1,212</u>	<u>145,807</u>
At 31 March 2017	<u>144,595</u>	<u>1,920</u>	<u>146,515</u>

**6. Stocks**

	2018 £	2017 £
Finished goods and goods for resale	<u>2,000</u>	<u>2,000</u>

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HARTLEY (HEAD OFFICE) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018

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7. Debtors

	2018 £	2017 £
Trade debtors	14,135	126
Other debtors	10,919	3,718
Prepayments and accrued income	2,492	2,147
	<u>27,546</u>	<u>5,991</u>

8. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>159,209</u>	<u>492,962</u>

9. Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	6,540	17,653
Amounts owed to group undertakings	12,148,495	11,835,842
Other taxation and social security	8,120	9,501
Other creditors	-	15,159
Accruals and deferred income	65,450	56,247
	<u>12,228,605</u>	<u>11,934,402</u>

Amounts owed to group and related undertakings have no formal repayment terms. Therefore, in accordance with FRS 102, they are classified as due within one year.

The loan is secured by a fixed and floating charge on the company's assets and bears interest at 2% per annum over bank base rate.

10. Pension commitments

The company operates a defined contribution pension scheme from April 2017. The assets of the scheme will be held separately from those of the company in an independently administered fund. The pension cost charge for 2018 represents contributions payable by the company to employees pension schemes, £1,653.



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**HARTLEY (HEAD OFFICE) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2018**

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**11. Related party transactions**

FRS 102, Section 33, requires disclosures necessary to draw attention to the possibility that its financial position and profit or loss have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

AJ Lewis, the controlling shareholder of the ultimate parent undertaking is the controlling shareholder in these companies and a beneficiary of the pension scheme.

**12. Controlling party**

Hartley Investment Trust Limited, registered in England, is the ultimate parent of Hartley (Head Office) Limited. It is also the parent undertaking of the only group of undertakings for which group financial statements are drawn up and of which Hartley (Head Office) Limited is a member.

The financial statements of Hartley Investment Trust Limited are available from the Registrar of Companies, Crown Way, Cardiff CF14 3UZ.