

CCH ADVISERS LIMITED

Report and Financial Statements

Year ended 31 December 2012



CCH Advisers Limited
Report and Financial Statements
Year ended 31 December 2012

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CCH Advisers Limited

Officers and Professional Advisers

The Board of Directors

N J L Parsons
A Payne
P Cooper
C Mills

Company Secretary

B Guntrip

Registered Office

6 Stratton Street
Mayfair
London
W1J 8LD

Auditor

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU

CCH Advisers Limited

The Directors' Report

Year ended 31 December 2012

The Directors have pleasure in presenting their report and the Financial Statements of the Company for the year ended 31 December 2012

Principal activity and business review

The principal activity of the Company during the year continued to be that of providing property advice and management services pursuant to an agreement with Merchant Properties LP and Merchant Properties Two LP ("the Partnership"), whose business is the holding, management and disposal of properties

Results and Dividends

The profit for the year amounted to £96,523 (2011 £94,067) The Directors have recommended that a dividend of £29,402 should be paid for the year ended 31 December 2012 (2011 £150,000)

Principal Risks and Uncertainties

The Company's turnover represents management fees receivable from the Partnership, which the Directors consider to be the key performance indicator

For the year ended 31 December 2012 turnover was £337,151 (2011 £327,022) which represents an increase of 3.0%

Directors

The Directors who served the Company during the year were as follows

N J L Parsons
A Payne
P Cooper
C Mills

CCH Advisers Limited

The Directors' Report

Year ended 31 December 2012

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 period. In preparing those Financial Statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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.

The directors confirm that

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware,
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information, and
- The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Auditor

The Auditor, Grant Thornton UK LLP, will be deemed to have been re-appointed at the end of the period of 28 days beginning with the day on which copies of this report and the Financial Statements are sent to the member unless a resolution is passed to the effect that their reappointment is brought to an end.



Nicholas Parsons
Director

Signed by order of the Board on 21/1/2013

CCH Advisers Limited

Independent Auditor's Report to the Shareholders of CCH Advisers Limited

Year ended 31 December 2012

We have audited the financial statements of CCH Advisers Limited for the year ended 31 December 2012 which comprise the profit and loss account, the 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).

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 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 Auditing Practices Board's (APB'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 website at www.frc.org.uk/apb/scope/private.cfm.

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 31 December 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 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.

CCH Advisers Limited

Independent Auditor's Report to the Shareholders of CCH Advisers Limited

Year ended 31 December 2012

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



Marcus Swales
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London 28/8/13.

CCH Advisers Limited

Profit and Loss Account

Year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	3	337,151	327,022
Management fee payable		(210,720)	(204,389)
Administrative expenses		(5,834)	(5,176)
Operating profit	4	120,597	117,457
Interest receivable		57	127
Profit on ordinary activities before taxation		120,654	117,584
Tax on profit on ordinary activities	7	(24,131)	(23,517)
Profit for the financial year		96,523	94,067

All amounts relate to continuing activities. There are no other recognised gains or losses in the year other than profit.

The notes on pages 8 to 12 form part of these Financial Statements


CCH Advisers Limited

Balance Sheet

At 31 December 2012

	Note	2012 £	2011 £
Current Assets			
Debtors	8	102,758	47,999
Cash at bank		99,392	84,408
		<u>202,150</u>	<u>132,407</u>
Creditors Amounts falling due within one year	9	(105,169)	(102,547)
Net current assets		<u>96,981</u>	<u>29,860</u>
Net assets		<u>96,981</u>	<u>29,860</u>
Capital and reserves			
Called-up equity share capital	10	2	2
Profit and loss account	11	96,979	29,858
Shareholders' Funds	12	<u>96,981</u>	<u>29,860</u>

These Financial Statements were approved by the Directors and authorised for issue on 24/8/13 and are signed on their behalf by



Nicholas Parsons
Director

The notes on pages 8 to 12 form part of these Financial Statements

CCH Advisers Limited

Notes to the Financial Statements

Year ended 31 December 2012

1. Organisation

The Company was incorporated on 28 September 2006 and commenced trading with effect from 30 November 2006. The company's principal activity is to provide property advice and management services pursuant to an agreement with Merchant Properties LP and Merchant Properties Two LP ("the Partnership"), whose business is the holding, management and disposal of properties. The company derives its income from management fees which are calculated as a percentage of the portfolio valuation of the Partnership. The business is therefore subject to the risks associated with the property business within which the company operates.

2. Accounting Policies

The following accounting policies have been applied consistently with items which are considered material in relation to the Company's Financial Statements.

2.1 Basis of accounting

The Financial Statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties and in accordance with applicable accounting standards.

2.2 Cash flow statement

The Directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the Financial Statements on the grounds that the Company is small.

2.3 Going Concern

These Financial Statements have been prepared on a going concern basis as the company has an agreement with Merchant Properties LP and Merchant Properties Two LP to provide advisory services for the foreseeable future, to enable it to meet its liabilities as and when they fall due. The directors have no reason to believe that the financial support will not continue in the future and consider it appropriate to adopt the going concern basis.

2.4 Taxation

Taxation on the profit or loss for the year, not exempt under UK-REIT regulations, comprises current and deferred tax. Taxation is recognised in the profit and loss account except to the extent that it relates to items recognised as direct movements in equity, in which case it is also recognised as a direct movement 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 the tax payable in respect of previous years.

2 Accounting Policies

CCH Advisers Limited

Notes to the Financial Statements

Year ended 31 December 2012

2.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities from all timing difference between the recognition of gains and losses in the Financial Statements and recognition in the tax computation

A net deferred tax asset is only recognised if it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

3 Turnover

The income and pre-tax results all of which arose in the United Kingdom were attributable to property management fees. The basis of the fees is set out below

- The Company is entitled to receive a quarterly management fee, payable in arrears in respect of its services undertaken. The fee is calculated at a rate of 0.8% on whichever is the greater of the aggregate portfolio cost and the gross asset value of the Partnership
- The Company is also entitled to receive a performance fee which is payable on the earlier of the date on which the Partnership dissolves and the date on which the agreement is terminated. The fee equates to 20% of the excess above which the hurdle amount achieved on the performance calculation date exceeds an IRR of 11.3%

4. Operating profit

Operating profit is stated after charging

	2012 £	2011 £
Auditors' remuneration - audit	4,000	4,000
- accounts preparation	1,000	1,000
	<u>5,000</u>	<u>5,000</u>

5. Particulars of employees

The Company had no employees during the year (2011 – nil)

6. Directors' emoluments

None of the Directors' received any emoluments in respect of their services to the Company

CCH Advisers Limited

Notes to the Financial Statements

Year ended 31 December 2012

7. Taxation on ordinary activities

Factors affecting the tax credit for the year

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>120,655</u>	<u>117,584</u>

Current tax

	2012 £	2011 £
UK Corporation tax based on the results for the year at 20% (2011 21%)	<u>24,131</u>	<u>23,517</u>
	<u>24,131</u>	<u>23,517</u>

8 Debtors

	2012 £	2011 £
Management fees receivable	<u>102,758</u>	<u>47,999</u>

9. Creditors. Amounts falling due within one year

	2012 £	2011 £
Management fees payable	64,221	62,497
Accruals and other payables	<u>40,948</u>	<u>40,050</u>
	<u>105,169</u>	<u>102,547</u>

10. Share capital

Allotted, called up and fully paid

	2012 No	£	2011 No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

CCH Advisers Limited

Notes to the Financial Statements

Year ended 31 December 2012

11. Profit and loss account

	2012	2011
	£	£
Balance brought forward	29,858	85,791
Profit for the financial year	96,523	94,067
Distribution to JO Hambro Capital Management Ltd	(29,402)	(150,000)
Balance carried forward	96,979	29,858

A distribution of £90,000 to Harwood Holdco Limited was declared on 14 March 2013, post year end

12. Reconciliation of shareholders' funds

	2012	2011
	£	£
Opening shareholders' funds	29,860	85,793
Profit for the financial year	96,523	94,067
Distribution to JOHCM	(29,402)	(150,000)
Closing shareholders' funds	96,981	29,860

13 Related party transactions

CCH Advisers Limited was a joint venture between Colliers International UK Plc ('Colliers') and J O Hambro Capital Management Limited. On 25 October 2011, the share in CCH Advisers Limited had been transferred from J O Hambro Capital Management Limited to Harwood Holdco Limited ('Harwood'). On 4 July 2012 the share in CCH advisors was transferred from Colliers International UK PLC to Colliers International Property Consultants Ltd. Mr N J L Parsons is an employee of Colliers and Mr C Mills is a director of Harwood. Colliers and Harwood are the sub operator and operator respectively of Merchant Properties LP and Merchant Properties Two LP, to which the Company provides property advisory services.

Details of transactions with related parties are outlined below

Company	Transaction	Annual Expense		Debtor Outstanding	
		2012	2011	2012	2011
		£	£	£	£
Colliers	Management fees receivable	252,864	204,389	64,221	47,999

14. Ultimate parent undertaking and controlling party

In the opinion of the Directors there is no single controlling party