

**Grainger Europe (No. 4) Limited**  
**Financial statements**  
**30 September 2013**

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# **Grainger Europe (No. 4) Limited**

## **Financial statements**

**Year ended 30 September 2013**

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# **Grainger Europe (No. 4) Limited**

## **Officers and professional advisers**

<b>The board of directors</b>	Andrew R Cunningham Mark Greenwood Nicholas M F Jopling Steven Butler Nick P On
<b>Company secretary</b>	Michael P Windle
<b>Registered office</b>	Citygate St James' Boulevard Newcastle Upon Tyne NE1 4JE
<b>Auditor</b>	PricewaterhouseCoopers LLP Chartered Accountants & Statutory Auditor Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ
<b>Bankers</b>	Barclays Bank Plc Barclays House 71 Grey Street Newcastle Upon Tyne NE99 1JP
<b>Solicitors</b>	Bond Dickinson LLP St Ann's Wharf 112 Quayside Newcastle Upon Tyne NE99 1SB

# **Grainger Europe (No. 4) Limited**

## **Directors' report**

**Year ended 30 September 2013**

The directors present their report and the financial statements of the company for the year ended 30 September 2013

### **Principal activities**

The principal activity of the company during the year was investing in European property companies

### **Directors**

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

Andrew R Cunningham  
Nick P On  
Mark Greenwood  
Nicholas M F Jopling  
Peter Q P Couch  
Adam McGhin  
Steven Butler

Nick P On resigned as a director on 21 November 2012 and was reappointed on 23 November 2013

Adam McGhin resigned as a director on 23 November 2012

Peter Q P Couch resigned as a director on 31 January 2014

### **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 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,
- 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.

### **Auditor**

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

# Grainger Europe (No. 4) Limited

## Directors' report *(continued)*

Year ended 30 September 2013

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

### **Small company provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Signed by order of the directors



Michael P Windle  
Company Secretary

Approved by the directors on 20 June 2014

# **Grainger Europe (No. 4) Limited**

## **Independent auditor's report to the shareholders of Grainger Europe (No 4) Limited**

**Year ended 30 September 2013**

### **Report on the financial statements**

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#### **Our opinion**

In our opinion the financial statements, defined below

- give a true and fair view of the state of the company's affairs as at 30 September 2013 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

This opinion is to be read in the context of what we say in the remainder of this report

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#### **What we have audited**

The financial statements, which are prepared by Grainger Europe (No 4) Limited, comprise

- the profit and loss account for the year ended 30 September 2013,
- the balance sheet as at 30 September 2013,
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

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#### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)") 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 financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

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

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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

# **Grainger Europe (No. 4) Limited**

## **Independent auditor's report to the shareholders of Grainger Europe (No. 4) Limited**

**Year ended 30 September 2013**

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### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion

- we have not received all the information and explanations we require for our audit, or
- 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

We have no exceptions to report arising from this responsibility

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

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#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to prepare financial statements in accordance with the small companies' regime and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility

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### **Responsibilities for the financial statements and the audit**

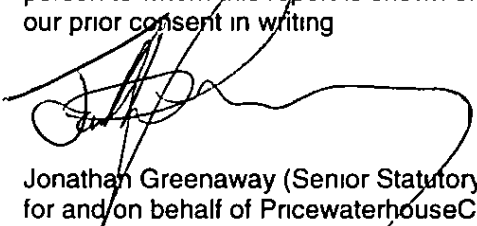
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#### **Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & 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.



Jonathan Greenaway (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
20 June 2014

# Grainger Europe (No. 4) Limited

## Profit and loss account

Year ended 30 September 2013

	Note	2013 £	2012 £
<b>Turnover</b>		–	–
Administrative expenses		(24,298)	45,286
<b>Operating (loss)/profit</b>	2	(24,298)	45,286
Investment impairment movement	3	(10,959,291)	(1,008,464)
Interest payable and similar charges		(4,356,992)	(2,578,624)
<b>Loss on ordinary activities before taxation</b>		(15,340,581)	(3,541,802)
Tax on loss on ordinary activities	4	1,029,603	633,335
<b>Loss for the financial year</b>		(14,310,978)	(2,908,467)
Balance brought forward		(18,408,098)	(15,499,631)
Balance carried forward		(32,719,076)	(18,408,098)

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 loss of £14,310,978 attributable to the shareholders for the year ended 30 September 2013 (2012 - loss of £2,908,467)

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



# Grainger Europe (No. 4) Limited

## Balance sheet

30 September 2013

	Note	2013 £	2012 £
<b>Fixed assets</b>			
Investments	5	94,737,405	95,858,919
<b>Current assets</b>			
Debtors	6	1,029,603	633,925
<b>Creditors: Amounts falling due within one year</b>	7	(118,648,305)	(114,900,941)
<b>Net current liabilities</b>		(117,618,702)	(114,267,016)
<b>Total assets less current liabilities</b>		(22,881,297)	(18,408,097)
<b>Capital and reserves</b>			
Called-up equity share capital	9	9,837,779	1
Profit and loss account		(32,719,076)	(18,408,098)
<b>Deficit</b>	10	(22,881,297)	(18,408,097)

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

These accounts were approved by the directors and authorised for issue on 20 June 2014, and are signed on their behalf by



Mark Greenwood  
Director

Company Registration Number 6352297

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

# **Grainger Europe (No. 4) Limited**

## **Notes to the financial statements**

**Year ended 30 September 2013**

### **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

#### **Going concern**

Grainger plc has confirmed to the directors of the company that it will provide such financial support as shall enable the company to continue as a going concern for at least 12 months from the signing of these accounts

#### **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

#### **Investments**

Investments are recorded at cost less provision for diminution in value

#### **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

#### **Foreign currencies**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the profit and loss account

#### **Group accounts**

The financial statements contain information about Grainger Europe (No 4) 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 in England and Wales

# Grainger Europe (No. 4) Limited

## Notes to the financial statements

Year ended 30 September 2013

### 2. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting)

	2013 £	2012 £
Directors' remuneration	-	-
Net loss/(profit) on foreign currency translation	<u>24,298</u>	<u>(45,286)</u>

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.

### 3. Investment impairment movement

	2013 £	2012 £
Amount written off investment	<u>10,959,291</u>	<u>1,008,464</u>

### 4. Taxation on ordinary activities

#### (a) Analysis of charge in the year

	2013 £	2012 £
Current tax		
UK Corporation tax based on the results for the year at 23.50% (2012 - 25%)	<u>(1,029,603)</u>	<u>(633,335)</u>
Total current tax	<u>(1,029,603)</u>	<u>(633,335)</u>

There is no unprovided deferred tax liability or unrecognised deferred tax asset in these financial statements.

#### (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23.50% (2012 - 25%).

	2013 £	2012 £
Loss on ordinary activities before taxation	<u>(15,340,581)</u>	<u>(3,541,802)</u>
Loss on ordinary activities by rate of tax	<u>(3,605,037)</u>	<u>(885,451)</u>
Non taxable movement on investment provision	<u>2,575,434</u>	<u>252,116</u>
Total current tax (note 4(a))	<u>(1,029,603)</u>	<u>(633,335)</u>

#### (c) Factors that may affect future tax charges

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

# Grainger Europe (No. 4) Limited

## Notes to the financial statements

Year ended 30 September 2013

### 5 Investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 October 2012	105,241,784
Additions	9,837,777
At 30 September 2013	<u>115,079,561</u>
<b>Amounts written off</b>	
At 1 October 2012	9,382,865
Written off in year	10,959,291
At 30 September 2013	<u>20,342,156</u>
<b>Net book value</b>	
At 30 September 2013	<u>94,737,405</u>
At 30 September 2012	<u>95,858,919</u>

The company owns 100% of the issued share capital of Grainger FRM GmbH, an investment company incorporated in Germany

During the year the company made a capital contribution of €12,250,000 to Grainger FRM GmbH

### 6 Debtors

	2013 £	2012 £
Amounts owed by group undertakings	<u>1,029,603</u>	<u>633,925</u>

### 7 Creditors Amounts falling due within one year

	2013 £	2012 £
Amounts owed to group undertakings	<u>118,648,305</u>	<u>114,900,941</u>

Included within amounts owed to group undertakings are unsecured loans totalling £118,648,305 (2012 £114,475,828) The loans bore interest at an average rate of 3.83% (2012 3.95%) in the year All loans are repayable on demand All other amounts owed to group undertakings are unsecured, bear no interest, and are repayable on demand

### 8. 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

# Grainger Europe (No. 4) Limited

## Notes to the financial statements

Year ended 30 September 2013

### 9. Share capital

Allotted, called up and fully paid

	2013		2012	
	No	£	No	£
Ordinary shares (2012 - 1) of £1 each	<u>9,837,779</u>	<u>9,837,779</u>	<u>1</u>	<u>1</u>

### 10 Reconciliation of movements in shareholders' funds

	2013	2012
	£	£
Loss for the financial year	(14,310,978)	(2,908,467)
New ordinary share capital subscribed	<u>9,837,778</u>	<u>-</u>
Net reduction to shareholders' deficit	(4,473,200)	(2,908,467)
Opening shareholders' deficit	<u>(18,408,097)</u>	<u>(15,499,630)</u>
Closing shareholders' deficit	<u>(22,881,297)</u>	<u>(18,408,097)</u>

### 11. Ultimate parent undertaking and controlling party

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.

Grainger plc is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.

Grainger plc has confirmed to the directors of the company that it will provide such financial support as shall enable the company to continue as a going concern for at least 12 months from the signing of these accounts.