

Financial Statements Blenheim Industrial Property Limited

For the Year Ended 31 December 2016

FRIDAY



A6C3E8K5

A30

04/08/2017

#11

COMPANIES HOUSE

Registered number: 07406215

Blenheim Industrial Property Limited

Company Information

Directors	D M Hare R L File H R Carter
Company secretary	S J Spare
Registered number	07406215
Registered office	The Estate Office Blenheim Palace WOODSTOCK OX20 1PP
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 3140 Rowan Place John Smith Drive Oxford Business Park South OXFORD OX4 2WB
Bankers	Barclays Bank plc 4th Floor Apex Plaza READING RG1 1AX
Solicitors	Withers LLP 16 Old Bailey LONDON EC4M 7EG

Contents

	Page
Directors' report	1 - 2
Independent auditor's report	3 - 4
Statement of comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Notes to the financial statements	8 - 15

Directors' Report

For the Year Ended 31 December 2016

The directors present their report and the financial statements for the year ended 31 December 2016.

Principal activity

The principal activity of the company is the management of industrial letting properties and related investments.

Results and dividends

The profit for the year, after taxation, amounted to £212,703 (2015 - loss £12,575).

Directors

The directors who served during the year were:

J F D Hoy (resigned 30 December 2016)
D M Hare
R L File

H R Carter was appointed post year end on 13 February 2017.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws, including FRS 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 and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 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.

Post balance sheet events

There have been no significant events affecting the company since the year end.

Directors' Report (continued)

For the Year Ended 31 December 2016

Disclosure of information to auditor

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, and
- each director has taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small Companies Note

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

31/7/17

and signed on its behalf.



D M Hare
Director

Independent Auditor's Report to the Members of Blenheim Industrial Property Limited

We have audited the financial statements of Blenheim Industrial Property Limited for the year ended 31 December 2016, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is the applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland".

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 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 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. 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 Accounting 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 31 December 2016 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.



Independent Auditor's Report to the Members of Blenheim Industrial Property Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during 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 under the Companies Act 2006

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.

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 take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.

Grant Thornton UK LLP

Tracey James (Senior statutory auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Oxford
Date:

1 August 2017

Statement of Comprehensive Income

For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	2,102,837	1,931,599
Administrative expenses		(548,997)	(648,002)
Fair value movements		(212,187)	(521,324)
Operating profit	5	1,341,653	762,273
Interest payable and expenses	7	(882,470)	(647,661)
Profit before tax		459,183	114,612
Tax on profit	8	(246,480)	(127,187)
Profit/(loss) for the year		212,703	(12,575)
Total comprehensive income for the year		212,703	(12,575)

The notes on pages 8 to 15 form part of these financial statements.

Statement of Financial Position

As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Investment property	9	17,750,000	17,500,000
		<u>17,750,000</u>	<u>17,500,000</u>
Current assets			
Debtors: amounts falling due within one year	10	915,505	852,361
Cash at bank and in hand	11	676,618	356,917
		<u>1,592,123</u>	<u>1,209,278</u>
Creditors: amounts falling due within one year	12	(2,420,639)	(2,586,259)
Net current liabilities		<u>(828,516)</u>	<u>(1,376,981)</u>
Total assets less current liabilities		<u>16,921,484</u>	<u>16,123,019</u>
Creditors: amounts falling due after more than one year	13	(13,536,740)	(13,101,739)
Provisions for liabilities			
Deferred tax	15	(150,761)	-
		<u>(150,761)</u>	<u>-</u>
Net assets		<u><u>3,233,983</u></u>	<u><u>3,021,280</u></u>
Capital and reserves			
Called up share capital		1	1
Revaluation reserve	16	126,262	338,449
Profit and loss account	16	3,107,720	2,682,830
		<u><u>3,233,983</u></u>	<u><u>3,021,280</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 31/7/17

Don H

D M Hare

Director

The notes on pages 8 to 15 form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 December 2016

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	1	338,449	2,682,830	3,021,280
Comprehensive income for the year				
Profit for the year	-	-	212,703	212,703
Transfer revaluation movement net of deferred tax	-	(212,187)	212,187	-
At 31 December 2016	1	126,262	3,107,720	3,233,983

Statement of Changes in Equity

For the Year Ended 31 December 2015

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	1	859,773	2,174,081	3,033,855
Comprehensive income for the year				
Loss for the year	-	-	(12,575)	(12,575)
Transfer revaluation movement net of deferred tax	-	(521,324)	521,324	-
At 31 December 2015	1	338,449	2,682,830	3,021,280

The notes on pages 8 to 15 form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2016

1. General information

Blenheim Industrial Properties Limited is a limited liability company incorporated in England and Wales. Its registered head office is located at The Estate Office, Blenheim Palace, Woodstock, Oxfordshire, OX20 1PP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical costs convention as modified by the revaluation of investment properties in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Barrough Limited as at 31 December 2015 and these financial statements may be obtained from companies house.

The following principal accounting policies have been applied:

2.2 Going concern

The board consider it appropriate to prepare the accounts on a going concern basis. The company's forecasts, balance sheet strength and availability of funds, through cash generation and external facilities support the board's view.

2.3 Turnover

Turnover in respect of rental income is recognised on a straight line basis over the period in which the property is leased. Any lease incentives are spread over the term of the lease.

2.4 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

2.5 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.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.6 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.

2.7 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.

2.8 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.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Notes to the Financial Statements

For the Year Ended 31 December 2016

2. Accounting policies (continued)

2.10 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the financial position date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements

For the Year Ended 31 December 2016

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the next financial year are included below.

Critical judgments that management have made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements relate to the following:

Valuation of investment properties

Management instruct an independent valuation expert to assess the open market value of the investment properties at each reporting date. The future realisation of these amounts may be affected by future changes in the market condition.

Provisions

In recognising provisions, the company evaluates the extent to which it is probable that it has incurred a legal or constructive obligation in respect of past events and the probability that there will be an outflow of benefits as a result. The judgments used to recognise provisions are based on currently known factors which may vary over time, resulting in changes in the measurement of recorded amounts as compared to initial estimates.

Deferred tax assets

The recognition of deferred tax assets is based on forecasts of future taxable profit. The measurement of future taxable profit for the purposes of determining whether or not to recognise deferred tax assets depends on many factors, including the company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

4. Turnover

All turnover consists of rental income and arose within the United Kingdom.

5. Operating profit

The audit fee of the company has been borne by Vanbrugh Unit Trust.

6. Employees

The company has no employees other than the directors, who did not receive any emoluments (2015 - £nil).

Notes to the Financial Statements

For the Year Ended 31 December 2016

7. Interest payable and similar charges

	2016 £	2015 £
Loan interest payable	882,470	647,661

8. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	116,381	127,187
Adjustments in respect of previous periods	(20,662)	-
Total current tax	95,719	127,187
Deferred tax		
Capital allowances for year in excess of depreciation	150,761	-
Total deferred tax	150,761	-
Taxation on profit on ordinary activities	246,480	127,187

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2015 - higher than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	459,183	114,612
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	91,837	23,205
Effects of:		
Expenses not deductible	42,437	105,568
Adjustments to tax charge in respect of prior periods	(20,662)	-
Deferred tax liability not previously recognised	143,607	-
Adjusting deferred tax rate	(10,739)	(1,586)
Total tax charge for the year	246,480	127,187

Notes to the Financial Statements

For the Year Ended 31 December 2016

9. Investment property

	Investment property £
Valuation	
At 1 January 2016	17,500,000
Additions at cost	462,187
Deficit on revaluation	(212,187)
At 31 December 2016	17,750,000

The 2016 valuations were made by Collier International Limited, on an open market value for existing use basis.

If the investment properties had not been revalued, they would have been included on the historical cost basis at £17,623,738 (2015 - £17,161,551).

10. Debtors

	2016 £	2015 £
Trade debtors	203,752	213,983
Amounts owed by related entities	475,219	479,243
Other debtors	40,831	27,424
Prepayments and accrued income	195,703	131,711
	915,505	852,361

11. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	676,618	356,917

Notes to the Financial Statements

For the Year Ended 31 December 2016

12. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	47,637	50,898
Amounts owed to group undertakings	1,602,575	1,800,681
Amounts owed to related entities	7,554	7,551
Corporation tax	63,382	127,187
Other taxation and social security	-	39,764
Other creditors	304,893	264,042
Accruals and deferred income	394,598	296,136
	<u>2,420,639</u>	<u>2,586,259</u>

13. Creditors: Amounts falling due after more than one year

	2016 £	2015 £
Amounts owed to group undertakings	<u>13,536,740</u>	<u>13,101,739</u>

14. Financial instruments

Financial assets measured at amortised cost amount to £1,572,825 (2015 - £1,077,567). This consists of cash, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost amount to £15,745,633 (2015 - £15,495,491). This consists of trade creditors, amounts owed to group undertakings, corporation tax liability, other tax liabilities and other creditors.

15. Deferred taxation

	2016 £
Charged to profit or loss	(150,761)
At end of year	<u><u>(150,761)</u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2016

15. Deferred taxation (continued)

The deferred taxation balance is made up as follows:

	2016 £
Accelerated capital allowances	(150,761)
	<u>(150,761)</u>

16. Reserves

Revaluation reserve

Revaluation reserve - comprises revaluation movement of investment properties net of deferred tax.

Profit & loss account

Profit and loss account - includes all current and prior period retained profits and losses.

17. Contingent liabilities

The company did not identify any contingent liabilities as at 31 December 2016 or 31 December 2015.

The company is party to a cross guarantee with respect to the bank borrowings of its fellow group undertakings. At 31 December 2016 the potential liability with respect to this guarantee amounted to £90,000,000 (2015 - £60,000,000).

18. Capital commitments

There were no capital commitments as at 31 December 2016 or 31 December 2015.

19. Related party transactions

At the year end the company owed £7,554 (2015 - £7,551) to Blenheim Visitors Partnership and was owed £475,219 (2015 - £479,243) from Blenheim Agency. These are entities with common ultimate controlling parties to the company.

20. Ultimate parent undertaking and controlling party

Barrough Limited is the 100% parent of Blenheim Industrial Properties Limited.

Barrough is 100% owned by Vanbrugh Unit Trust.

The entity's ultimate controlling parties are Sir Mark Aubrey Weinberg, Mr Alexander Pepys Muir, Mr Anthony John Thompson and Lord Edward Albert Spencer-Churchill as trustees of Marlborough 2003 settlement, which owns 100% of Vanbrugh Trustees Limited and Vanbrugh Trustees No 2 Limited, which are the trustees of Vanbrugh Unit Trust.