

Grainger Invest (No.1 Holdco) Limited
Financial statements
30 September 2017



Grainger Invest (No.1 Holdco) Limited

Financial statements

Year ended 30 September 2017

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Grainger Invest (No.1 Holdco) Limited

Officers and professional advisers

The board of directors	Adam McGhin Helen C Gordon Vanessa K Simms Andrew P Saunderson
Company secretary	Adam McGhin
Registered office	Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Auditor	KPMG LLP Chartered accountants & statutory auditor 15 Canada Square Canary Wharf London E14 5GL
Bankers	Barclays Bank plc Barclays House 5 St Ann's Street Quayside Newcastle upon Tyne NE1 2BH
Solicitors	Womble Bond Dickinson (UK) LLP St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX

Grainger Invest (No.1 Holdco) Limited

Directors' report

Year ended 30 September 2017

The directors present their report and the financial statements of the company for the year ended 30 September 2017.

Principal activities

The principal activity of the company during the year was investment in property businesses. The directors do not recommend the payment of a dividend (2016: £nil).

Directors

The directors who served the company during the year, and subsequent to the year end, were as follows:

Nicholas M F Jopling	(Resigned 20 December 2017)
Adam McGhin	
Helen C Gordon	
Vanessa K Simms	
Andrew P Saunderson	(Appointed 2 January 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 *Reduced Disclosure Framework*. 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 the 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

Grainger Invest (No.1 Holdco) Limited

Directors' report *(continued)*

Year ended 30 September 2017

Auditor

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

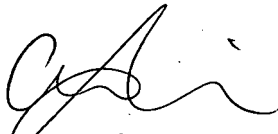
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Small company provisions

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

This report was approved by the board of directors on 21 June 2018 and signed on behalf of the board by:



Adam McGhin
Company Secretary

Independent auditor's report to the members of Grainger Invest (No.1 Holdco) Limited

Opinion

We have audited the financial statements of Grainger Invest (No.1 Holdco) Limited ("the company") for the year ended 30 September 2017 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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

Independent auditor's report to the members of Grainger Invest (No.1 Holdco) Limited
(continued)

- 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Bill Holland (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
22 June 2018

Grainger Invest (No.1 Holdco) Limited

Statement of comprehensive income

Year ended 30 September 2017

	Note	2017 £	2016 £
Interest receivable and similar income	5	<u>365,942</u>	<u>445,845</u>
Profit before taxation		365,942	445,845
Tax on profit	6	<u>(72,511)</u>	<u>(185,622)</u>
Profit for the financial year and total comprehensive income		<u>293,431</u>	<u>260,223</u>

All the activities of the company are from continuing operations.

The notes on pages 9 to 13 form part of these financial statements.

Grainger Invest (No.1 Holdco) Limited

Statement of financial position

30 September 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	7	22,465,278	22,465,278
Current assets			
Debtors	8	10,088,322	11,574,611
Creditors: amounts falling due within one year	9	<u>(328,230)</u>	<u>(2,107,950)</u>
Net current assets		<u>9,760,092</u>	<u>9,466,661</u>
Total assets less current liabilities		<u>32,225,370</u>	<u>31,931,939</u>
Capital and reserves			
Called up share capital	11	30,500,001	30,500,001
Profit and loss account	12	<u>1,725,369</u>	<u>1,431,938</u>
Shareholders' funds		<u>32,225,370</u>	<u>31,931,939</u>

These financial statements were approved by the board of directors and authorised for issue on 21 June 2018, and are signed on behalf of the board by:



Adam McGhin
Director

Company registration number: 7556051

The notes on pages 9 to 13 form part of these financial statements.

Grainger Invest (No.1 Holdco) Limited

Statement of changes in equity

Year ended 30 September 2017

	Called up share capital £	Profit and loss account £	Total £
At 1 October 2015	30,500,001	1,171,715	31,671,716
Profit for the year	—	260,223	260,223
Total comprehensive income for the year	—	260,223	260,223
At 30 September 2016	30,500,001	1,431,938	31,931,939
Profit for the year	—	293,431	293,431
Total comprehensive income for the year	—	293,431	293,431
At 30 September 2017	<u>30,500,001</u>	<u>1,725,369</u>	<u>32,225,370</u>

The notes on pages 9 to 13 form part of these financial statements.

Grainger Invest (No.1 Holdco) Limited

Notes to the financial statements

Year ended 30 September 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

2. Statement of compliance

The financial statements of Grainger Invest (No.1 Holdco) Limited ("the company") for the year ended 30 September 2017 were authorised for issue by the board of directors on 21 June 2018 and the statement of financial position was signed on the board's behalf by Adam McGhin.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

The company's ultimate parent undertaking, Grainger plc, includes the company in its consolidated financial statements. The consolidated financial statements of Grainger plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

3. Accounting policies

Basis of preparation

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.

Disclosure exemptions

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- (a) Cash flow statement and related notes;
- (b) Comparative period reconciliations for share capital;
- (c) Disclosures in respect of capital management;
- (d) The effects of new but not yet effective IFRSs;
- (e) Disclosures in respect of the compensation of key management personnel.

As the consolidated financial statements of Grainger plc include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: Disclosures.

Grainger Invest (No.1 Holdco) Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2017

3. Accounting policies *(continued)*

Income tax

The taxation charge for the year represents the sum of the tax currently payable and deferred tax. The charge is recognised in the statement of comprehensive income according to the accounting treatment of the related transaction.

Current tax payable or receivable is based on the taxable income for the period and any adjustment in respect of prior periods and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Tax payable upon the realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred tax.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will give rise to a future tax liability against which the deferred tax assets can be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. An impairment loss is recognised for the amount by which the carrying value of the investment exceeds its recoverable amount.

Group accounts

The financial statements contain information about Grainger Invest (No.1 Holdco) 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 undertakings are included in the consolidated financial statements of the ultimate parent company, Grainger plc, a company registered in in in England and Wales.

Non-derivative financial instruments

Non-derivative financial instruments comprise loans and borrowings.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make significant judgements, estimates and assumptions that affect the amounts reported. The directors have considered whether there are any such sources of estimation or critical accounting judgements in preparing the financial statements and do not consider there to be any for the purposes of disclosure.

Grainger Invest (No.1 Holdco) Limited

Notes to the financial statements (continued)

Year ended 30 September 2017

4. Operating profit

Audit fees of £1,600 (2016: £2,000) are statutory audit fees only and are borne by another group company.

There are no persons holding service contracts with the company (2016: none). 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 and similar income

	2017 £	2016 £
Interest from group undertakings	365,128	445,845
Other interest receivable and similar income	814	—
	<u>365,942</u>	<u>445,845</u>

6. Tax on profit

Major components of tax expense

	2017 £	2016 £
Current tax:		
UK current tax expense	328,094	2,034,785
Deferred tax:		
Origination and reversal of timing differences	(255,583)	(1,849,163)
Tax on profit	<u>72,511</u>	<u>185,622</u>

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2016: higher than) the standard rate of corporation tax in the UK of 19.50% (2016: 20%).

	2017 £	2016 £
Profit on ordinary activities before taxation	365,942	445,845
Profit on ordinary activities by rate of tax	71,359	89,169
Adjustment to tax charge in respect of prior periods	(5,915)	747,159
Tax on profits of Grainger Invest No. 1 LLP	(53,550)	55,632
Deferred tax impact of investment properties held by Grainger Invest No. 1 LLP	60,617	(706,338)
Tax on profit	<u>72,511</u>	<u>185,622</u>

Factors that may affect future tax expense

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) are in effect or have been substantively enacted. These will reduce the company's future current tax charge accordingly.

Grainger Invest (No.1 Holdco) Limited

Notes to the financial statements (continued)

Year ended 30 September 2017

7. Investments

	Equity in joint undertaking £
Cost	
At 1 October 2016 and 30 September 2017	<u>22,465,278</u>
Impairment	
At 1 October 2016 and 30 September 2017	<u>-</u>
Carrying amount	
At 30 September 2017	<u>22,465,278</u>

The company owns 50% of the equity in Grainger Invest No. 1 LLP, a property trading and investment partnership whose registered office is Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

The directors believe that the carrying value is supported by the underlying net assets of the investment.

8. Debtors

	2017 £	2016 £
Amounts owed by group undertakings	7,983,576	9,725,448
Deferred tax asset	<u>2,104,746</u>	<u>1,849,163</u>
	<u>10,088,322</u>	<u>11,574,611</u>

9. Creditors: amounts falling due within one year

	2017 £	2016 £
Amounts owed to group undertakings	<u>328,230</u>	<u>2,107,950</u>

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

10. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £	2016 £
Included in debtors (note 8)	<u>2,104,746</u>	<u>1,849,163</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2017 £	2016 £
Deferred tax in respect of Grainger Invest No. 1 LLP	<u>(2,104,746)</u>	<u>(1,849,163)</u>

Grainger Invest (No.1 Holdco) Limited

Notes to the financial statements (continued)

Year ended 30 September 2017

11. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>30,500,001</u>	<u>30,500,001</u>	<u>30,500,001</u>	<u>30,500,001</u>

12. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

13. Contingent liabilities

The company has granted a fixed legal charge dated 1 October 2015 over its member's interest in Grainger Invest No. 1 LLP in favour of HSBC Corporate Trustee Company (UK) Limited in relation to a loan facility, due for repayment in October 2020, entered in to by Grainger Invest No. 1 LLP.

14. Related party transactions

The company is exempt from disclosing related party transactions as they are with other companies that are wholly owned within the Grainger plc group.

15. Ultimate controlling and 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.

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