

Grainger OCCC Limited
Financial statements
30 September 2016

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Grainger OCCC Limited

Financial statements

Year ended 30 September 2016

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Grainger OCCC Limited

Officers and professional advisers

The board of directors

Nicholas M F Jopling
Helen C Gordon
Vanessa K Simms
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

Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle Upon Tyne
NE1 3DX

Grainger OCCC Limited

Directors' report

Year ended 30 September 2016

The directors present their report and the financial statements of the company for the year ended 30 September 2016.

Principal activities

The principal activity of the company during the year was property development and trading. The directors do not recommend the payment of a dividend (2015: £nil).

Directors

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

Nicholas M F Jopling	
Helen C Gordon	(Appointed 31 December 2015)
Vanessa K Simms	(Appointed 11 February 2016)
Adam McGhin	(Appointed 30 September 2016)
Mark Greenwood	(Resigned 22 December 2015)
Andrew R Cunningham	(Resigned 31 December 2015)
Nick P On	(Resigned 30 September 2016)

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; and
- 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 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 OCCC Limited

Directors' report *(continued)*

Year ended 30 September 2016

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 25 May 2017 and signed on behalf of the board by:



Adam McGhin
Company Secretary

Independent auditor's report to the members of Grainger OCCC Limited

We have audited the financial statements of Grainger OCCC Limited for the year ended 30 September 2016 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing 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 30 September 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

**Independent auditor's report to the members of
Grainger OCCC Limited (continued)**

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.



Bill Holland (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
1 June 2017

Grainger OCCC Limited

Statement of comprehensive income

Year ended 30 September 2016

	Note	2016 £	2015 £
Turnover	3	978,305	932,767
Cost of sales		<u>(641,165)</u>	<u>(241,004)</u>
Gross profit		337,140	691,763
Administrative expenses		<u>(18,924)</u>	<u>(15,414)</u>
Operating profit	4	318,216	676,349
Interest receivable and similar income	5	<u>19,294</u>	<u>18,952</u>
Profit on ordinary activities before taxation		337,510	695,301
Tax on profit on ordinary activities	6	<u>(67,502)</u>	<u>(142,537)</u>
Profit for the financial year and total comprehensive income		<u>270,008</u>	<u>552,764</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 OCCC Limited

Statement of financial position

30 September 2016

	Note	2016 £	2015 £
Current assets			
Stocks	7	18,322,844	17,028,042
Debtors	8	68,947	16,945
Cash at bank and in hand		679,445	1,425,935
		<u>19,071,236</u>	<u>18,470,922</u>
Creditors: amounts falling due within one year	9	(822,369)	(492,063)
Net current assets		<u>18,248,867</u>	<u>17,978,859</u>
Total assets less current liabilities		<u>18,248,867</u>	<u>17,978,859</u>
Net assets		<u>18,248,867</u>	<u>17,978,859</u>
Capital and reserves			
Called up share capital	10	16,053,753	16,053,753
Profit and loss account	11	2,195,114	1,925,106
Shareholders' funds		<u>18,248,867</u>	<u>17,978,859</u>

These financial statements were approved by the board of directors and authorised for issue on 25 May 2017, and are signed on behalf of the board by:



Adam McGhin
Director

Company registration number: 7557656

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

Grainger OCCC Limited

Statement of changes in equity

Year ended 30 September 2016

	Called up share capital £	Profit and loss account £	Total £
At 1 October 2014	16,053,753	1,372,342	17,426,095
Profit for the year	—	552,764	552,764
Total comprehensive income for the year	—	552,764	552,764
At 30 September 2015	16,053,753	1,925,106	17,978,859
Profit for the year	—	270,008	270,008
Total comprehensive income for the year	—	270,008	270,008
At 30 September 2016	<u>16,053,753</u>	<u>2,195,114</u>	<u>18,248,867</u>

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

Grainger OCCC Limited

Notes to the financial statements

Year ended 30 September 2016

1. Statement of compliance

The financial statements of Grainger OCCC Limited ("the company") for the year ended 30 September 2016 were authorised for issue by the board of directors on 25 May 2017 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' (FRS 101).

The entity is a limited company incorporated and domiciled in the UK. The registered office is:

Citygate
St James' Boulevard
Newcastle Upon Tyne
NE1 4JE

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.

2. 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.

Transition to FRS 101

The entity transitioned from previous UK GAAP to FRS 101 as at 1 October 2014. Details of how FRS 101 has affected the reported financial position and financial performance are given in note 15.

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 transactions with wholly owned subsidiaries;
- (d) Disclosures in respect of capital management;
- (e) The effects of new but not yet effective IFRSs;
- (f) 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.

Revenue recognition

Turnover comprises gross rentals, exclusive of VAT. Gross rentals are recognised on a straight line basis over the lease term on an accruals basis.

Grainger OCCC Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2016

2. 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.

Stocks

Trading properties are shown in the financial statements at the lower of cost and net realisable value. Cost includes legal and surveying charges incurred during the acquisition plus improvement costs. Net realisable value is the net sale proceeds which the company expects on sale of a property.

Repairs are expensed to the income statement as incurred. Improvement costs are capitalised.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade and other creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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 OCCC Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2016

3. Turnover

Turnover arises from:

	2016 £	2015 £
Rental income	<u>978,305</u>	<u>932,767</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

4. Operating profit

Audit fees of £2,600 (2015: £1,500) are statutory audit fees only and are borne by another group company.

There are no persons holding service contracts with the company (2015: 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

	2016 £	2015 £
Interest on cash and cash equivalents	<u>19,294</u>	<u>18,952</u>

6. Tax on profit on ordinary activities

Major components of tax expense

	2016 £	2015 £
Current tax:		
UK current tax expense	<u>67,502</u>	<u>142,537</u>
Tax on profit on ordinary activities	<u>67,502</u>	<u>142,537</u>

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

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is the same as (2015: the same as) the standard rate of corporation tax in the UK of 20% (2015: 20.50%).

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>337,510</u>	<u>695,301</u>
Profit on ordinary activities by rate of tax	<u>67,502</u>	<u>142,537</u>

Grainger OCCC Limited

Notes to the financial statements (continued)

Year ended 30 September 2016

6. Tax on profit on ordinary activities (continued)

Factors that may affect future tax expense

No provisions have been made for tax that would have become payable if the company's properties had been sold at their year end replacement values. The total unprovided deferred tax in respect of this is £2,150,442 (2015: £2,278,592).

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

7. Stocks

	2016 £	2015 £
Trading properties	<u>18,322,844</u>	<u>17,028,042</u>

The replacement value of stock (sale at market value of the property subject to occupation by a resident) is £30,972,500 (2015: £28,421,000) based on market value at 30 September 2016.

The directors have reviewed the expected sales valuations of the properties. They concluded the net realisable value exceeds the book cost of the properties and therefore no provision against carrying value of stock is required in the current year (2015: £nil).

8. Debtors

	2016 £	2015 £
Trade debtors	27,672	8,482
Other debtors	41,275	8,463
	<u>68,947</u>	<u>16,945</u>

9. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	178,879	2,373
Amounts owed to group undertakings	105,499	368,014
Accruals and deferred income	471,225	59,874
Other creditors	66,766	61,802
	<u>822,369</u>	<u>492,063</u>

The amount owed to group undertakings is unsecured, is repayable on demand, and does not bear interest.

Grainger OCCC Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2016

10. Called up share capital

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>16,053,753</u>	<u>16,053,753</u>	<u>16,053,753</u>	<u>16,053,753</u>

11. Reserves

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

12. Contingencies

At 30 September 2016 the company, together with certain of its fellow subsidiaries, has guaranteed a loan from a non-bank financial institution of £402,113,000 of certain fellow subsidiaries by means of a legal charge over its assets and book debts. Details of the debt repayment profile are shown in the statutory financial statements of the ultimate parent undertaking, Grainger plc.

13. 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.

14. 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.

Atlantic Metropolitan (U.K.) Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.

15. Transition to FRS 101

These are the first financial statements that comply with FRS 101. The company transitioned to FRS 101 on 1 October 2014.

No transitional adjustments were required in equity or profit or loss for the year.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 30 September 2016 and the comparative information presented in these financial statements for the year ended 30 September 2015.