

**3 HARDMAN STREET INVESTMENTS TWO LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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**3 Hardman Street Investments Two Limited
Directors' Report and Financial Statements
For The Year Ended 31 December 2015**

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3 Hardman Street Investments Two Limited
Company Information
For The Year Ended 31 December 2015

Directors

Mr F P Graham-Watson
Mr J Raine
Mr S P Lyell
Mr M J Ingall
Mr A J Campbell

Secretary

Mr A J Campbell

Company Number

8186908

Registered Office

2nd Floor
HQ Building
2 Atherton Street
Manchester
M3 3GS

3 Hardman Street Investments Two Limited
Company No. 8186908
Directors' Report For The Year Ended 31 December 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Statement of 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 the 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.

Statement of Disclosure of Information to Auditors

The directors of the company who held office at the date of approval of this annual report confirm that:

- so far as they are aware, there is no relevant audit information of which the company's auditors are unaware; and
- they 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 company's auditors are aware of that information.

Principal Activity

The company's principal activity is that of property investment.

Directors

The directors who held office during the year were as follows:

Mr F P Graham-Watson

Mr J Raine

APPOINTED

09/07/2015

Mr S P Lyell

Mr M J Ingall

Mr A J Campbell

APPOINTED

29/06/2015

Small Company Rules

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemption provided by Section 415A of the Companies Act 2006.

By order of the board



Mr A J Campbell

Director

Date

29/09/2016

3 Hardman Street Investments Two Limited
Statement of Comprehensive Income
For The Year Ended 31 December 2015

	Notes	2015 £	2014 £
TURNOVER		-	289,612
Cost of sales		-	(1,103,279)
Other operating income		-	300,000
OPERATING LOSS	2	-	(513,667)
Exceptional items		-	87,768
Interest payable and similar charges	3	-	(3,410)
LOSS FOR THE FINANCIAL YEAR		-	(429,309)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		-	(429,309)

All amounts relate to continuing activities.

3 Hardman Street Investments Two Limited
Statement of Financial Position
For The Year Ended 31 December 2015

Company No. 8186908

		2015	2014
	Notes	£	£
CURRENT ASSETS			
Debtors	6	-	4,722
		-	4,722
Creditors: Amounts Falling Due Within One Year	7	(239,596)	(244,318)
NET CURRENT ASSETS (LIABILITIES)		(239,596)	(239,596)
TOTAL ASSETS LESS CURRENT LIABILITIES		(239,596)	(239,596)
NET ASSETS		(239,596)	(239,596)
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Profit and loss account		(239,597)	(239,597)
SHAREHOLDERS' FUNDS	9	(239,596)	(239,596)

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

These financial statements were approved by the board of directors and authorised for issue on 29/09/2016



Mr A J Campbell
Director

3 Hardman Street Investments Two Limited
Statement of Changes in Equity
For The Year Ended 31 December 2015

	Share Capital	Profit & Loss Account	Total
	£	£	£
As at 1 January 2014	1	189,712	189,713
Loss for the year and total comprehensive income	-	(429,309)	(429,309)
As at 31 December 2014 and 1 January 2015	1	(239,597)	(239,596)
As at 31 December 2015	1	(239,597)	(239,596)

The notes on pages 6 to 8 form part of these financial statements

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with the provisions of Financial Reporting Standard 102 section 1A small entities, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

FRS 102 section 1A small entities is mandatory for accounting periods beginning on or after 1 January 2016, but may be applied early to periods ending on or after 31 December 2014. The company has taken the option to apply the standard early in the preparation of these financial statements. Information on the impact of first-time adoption of FRS 102 section 1A small entities is given in note 13.

The functional currency is pounds sterling.

1.2. Statement of Cash Flow

The company has taken advantage of the exemption in Financial Reporting Standard 102 "Cash flow statements" Section 1.12B not to produce a cash flow statement on the grounds that it is a small company.

1.3. Deferred Taxation

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.4. Financial Investments

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate 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.

1.5. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors consider that there are no significant judgements in applying the accounting policies. Nor are there any key sources of uncertainty.

1.6. Revenue

Revenue comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

2. Operating Profit

The company did not trade during the year.

Audit fees were borne by the ultimate parent company.

The company had no employees during the year other than the directors, who received no remuneration.

3 Hardman Street Investments Limited
Statement of Changes in Equity
For The Year Ended 31 December 2015

	Share Capital	Profit & Loss Account	Total
	£	£	£
As at 1 January 2014	1	(11,339,808)	(11,339,807)
Loss for the year and total comprehensive income	-	(107,541)	(107,541)
As at 31 December 2014 and 1 January 2015	1	(11,447,349)	(11,447,348)
Loss for the year and total comprehensive income	-	(1,987,838)	(1,987,838)
As at 31 December 2015	1	(13,435,185)	(13,435,184)

The notes on pages 6 to 9 form part of these financial statements

1. Accounting Policies

1.1. Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with the provisions of Financial Reporting Standard 102 section 1A small entities, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

FRS 102 section 1A small entities is mandatory for accounting periods beginning on or after 1 January 2016, but may be applied early to periods ending on or after 31 December 2014. The company has taken the option to apply the standard early in the preparation of these financial statements. Information on the impact of first-time adoption of FRS 102 section 1A small entities is given in note 12.

The functional currency is pounds sterling.

1.2. Statement of Cash Flow

The company has taken advantage of the exemption in Financial Reporting Standard 102 "Cash flow statements" Section 1.12B not to produce a cash flow statement on the grounds that it is a small company.

1.3. Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.4. Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & Fittings	25% straight line
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1.5. Financial Instruments

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate 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.

1.6. Deferred Taxation

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

1.7. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors consider that there are no significant judgements in applying the accounting policies. Nor are there any key sources of uncertainty.

1.8. Going Concern

The directors have considered the financial position of the company in preparing these financial statements and note that it has net liabilities at 31 December 2015.

The directors have obtained a letter of support from Capital Holdco Limited indicating its current intention to support the company by ensuring that the intercompany indebtedness in respect of entities within the Capital Holdco Limited group will not be called for repayment unless the company has the funds and working capital to do so. In addition, Capital Holdco Limited has confirmed its current intention to support the company from within the Capital Holdco Limited group for the period until 30 June 2016. The directors note that although they expect that the support will continue for at least 12 months from the date of approving these financial statements, it is not guaranteed.

However, on the basis of the projections of the company and the wider Capital Holdco Limited group, the directors believe that it is appropriate to assume that the support will be forthcoming and therefore have prepared these accounts on a going concern basis.

3 Hardman Street Investments Limited
Notes to the Unaudited Accounts (continued)
For The Year Ended 31 December 2015

2. Operating Loss

The company had no employees during the year other than the directors, who received no remuneration.

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	-	17,877

3. Average number of employees

Average number of employees, including directors, during the year was as follows:

	2015	2014
Directors	5	4
	5	4

4. Tax on Profit on Ordinary Activities

	2015 £	2014 £
UK Corporation Tax	-	-

	2015 £	2014 £
Profit on ordinary activities before tax	(1,987,838)	(107,541)

Breakdown of Tax Charge is:

Tax on profit at 20% (UK standard rate) (2014 : 21.5%)	(397,567)	(23,121)
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Effects of:

Group relief surrendered for no charge	397,567	23,121
Total tax charge for the period	-	-

3 Hardman Street Investments Limited
Notes to the Unaudited Accounts (continued)
For The Year Ended 31 December 2015

5. Debtors

	2015	2014
	£	£
Due within one year		
Trade debtors	24,432	11,420
Prepayments and accrued income	193,370	205,243
Other debtors	162,835	193,821
Amounts owed from group undertakings	257,490	-
	<u>638,127</u>	<u>410,484</u>

The amounts due from group undertakings are repayable on demand and not interest bearing

6. Creditors: Amounts Falling Due Within One Year

	2015	2014
	£	£
Trade creditors	61,600	217,275
Other creditors	8,865	-
Accruals and deferred income	745,109	61,162
Amounts owed to group undertakings	13,257,737	11,579,395
	<u>14,073,311</u>	<u>11,857,832</u>

The amounts due to group undertakings are repayable on demand and not interest bearing

7. Related Party Transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 102, "Related party disclosures" Section 33.1A not to disclose details of related party transactions with entities that are 100% owned members of the same group.

8. Share Capital

	Value	Number	2015	2014
	£		£	£
Allotted, called up and fully paid				
Ordinary shares	1.000	1	1	1

9. Contingent Liabilities

	2015	2014
	£	£
The groups assets have been given as security against bank and other loans drawn.	-	10,108,614

3 Hardman Street Investments Limited
Notes to the Unaudited Accounts (continued)
For The Year Ended 31 December 2015

10. Financial Instruments

The Company's financial instruments may be analysed as follows:

	2015 £	2014 £
Financial assets		
Financial assets measured at amortised cost	444,757	205,241
Financial liabilities		
Financial liabilities measured at amortised cost	13,384,558	11,796,670

The Company considers that the fair value of cash and cash equivalents, loans, trade and other receivables, and trade and other payables are not materially different to their carrying value.

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts due from group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and deferred income amounts due to group undertakings.

11. Ultimate Controlling Party

Capital Debt Holdco Limited, a company registered in the British Virgin Islands, is the immediate parent company. The directors consider the ultimate parent company to be Capital Holdco Limited, a company registered in the British Virgin Islands.

12. Transition to FRS 102

The financial statements for the year ended 31 December 2015 are the company's first annual financial statements that comply with FRS 102. The date of transition to FRS 102 is 01 January 2014.

The transition to FRS 102 has not resulted in any changes in accounting policies compared to those prepared in accordance with former United Kingdom Generally Accepted Accounting Practice (UK GAAP) for the company, however, amounts owed to and from group companies have been presented separately to the extent that they are with different companies within the Capital Holdco Limited group.

13. General Information

3 Hardman Street Investments Limited registered number 5813898 is a limited by shares company incorporated in England & Wales. The Registered Office is 2nd Floor, HQ Building, 2 Atherton Street, Manchester, M3 3GS.