

Hargreaves Services Forestry Limited

Directors' Report and Financial Statements

Registered number 08587102

31 May 2016



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Directors' Report

The directors present their Directors' Report and the financial statements for the year ended 31 May 2016.

Principal activities and business review

The company's principal activity is that of a holding company for forestry related assets, land and buildings.

The company has not had any profit or loss activity in the current year or previous period.

Risks and uncertainties

The Company is part of a group that delivers key projects and services in the infrastructure, energy and property sectors throughout the UK and overseas. The risks and uncertainties facing the company are inherently linked to those of the group. The principal risks and uncertainties of the group which includes those of this company are discussed in detail in the 'Statement of risks relating to the group's business' in the financial review in the Hargreaves Services plc Group financial statements.

Proposed dividend

The directors do not recommend the payment of a dividend (2015: £nil).

Directors

The directors who held office during the year and up to the date of this report were as follows:

ID Cockburn
KJS Dougan

Disclosure of information to auditor

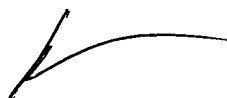
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken relevant steps that he ought to have taken as a director to make himself aware of any relevant information and to establish that the company's auditor is aware of that information.

Auditor

The Audit Committee of Hargreaves Services plc reviews and makes recommendations with regard to the appointment of the external auditors. In making this recommendation the Committee considers auditor effectiveness, independence and partner rotation.

A formal tender process is currently underway, after which the Committee will recommend an appointment for the next financial year.

On behalf of the board



ID Cockburn
Director

West Terrace
Esh Winning
Co Durham
DH7 9PT

30 November 2016

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), 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 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

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NE1 3DX
United Kingdom

Independent Auditor's Report to the Members of Hargreaves Services Forestry Limited

We have audited the financial statements of Hargreaves Services Forestry Limited for the year ended 31 May 2016 set out on pages 5 to 11. 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 31 May 2016 and of its result for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor's Report to the Members of Hargreaves Services Forestry Limited *(continued)*

Opinion on other matter 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.

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.



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

30 November 2016

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 May 2016

During the current and previous financial year the company received no income and incurred no expenditure. Consequently, in these years the company made neither a profit nor a loss and had no other comprehensive income.

Balance Sheet
at 31 May 2016

	<i>Note</i>	2016 £000	2015 £000
Current assets			
Stocks	4	356	356
		<hr/>	<hr/>
Creditors: amounts falling due within one year	5	356 (356)	356 (356)
		<hr/>	<hr/>
Net assets		-	-
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	6	-	-
		<hr/>	<hr/>
Shareholders' funds		-	-
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 30 November 2016 and were signed on its behalf by:



ID Cockburn
Director

Registered number: 08587102

Statement of Changes in Equity
for the year ended 31 May 2016

During the current and prior financial years there have been no movements in equity.

Notes

(forming part of the financial statements)

1 Accounting policies

Hargreaves Services Forestry Limited (the "Company") is incorporated and domiciled in the UK.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. The transition to FRS 101 has had no impact on the reported financial position and financial performance of the Company.

The Company's ultimate parent undertaking, Hargreaves Services plc includes the Company in its consolidated financial statements. The consolidated financial statements of Hargreaves Services plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Companies House.

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;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the transition to FRS101;
- Disclosures in respect of the compensation of Key Management Personnel; and

As the consolidated financial statements of Hargreaves Services 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 Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

There are no material judgements made by the directors, in the application of these accounting policies that are expected to have a significant effect on the financial statements or any estimates with a significant risk of material adjustment in the next year.

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

Going concern

The company has net assets of £nil at 31 May 2016 which includes £356,000 due to a group undertaking. This group undertaking has indicated that it will not seek repayment of this amount until such time as the company has the funds to do so. The company meets its day to day working capital requirements through support from related companies and the company's ultimate parent undertaking. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the stocks, development spend and other costs in bringing them to their existing location and condition.

Classification of financial instruments issued by the Company

Following the adoption of IAS32, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Financial instruments

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes (continued)

2 Expenses and auditor's remuneration

No auditor's remuneration has been charged to the profit and loss account as this is borne by the Company's parent undertaking.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Hargreaves Services plc.

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Directors	2	2

The directors received no remuneration in respect of their services to the company during the current or prior year.

4 Stock

	2016 £000	2015 £000
Trading properties	356	356

There were no trading property stock costs recognised as cost of sales in either the current or prior year. There were no write-downs or reversal of write downs in the current or prior year.

5 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to group undertakings	356	356

6 Share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1 each	1	1

Notes (continued)

7 Related party disclosures

The Hargreaves Services plc group has three joint venture undertakings; Tower Regeneration Limited, Tower Regeneration Leasing Limited, and MIR Trade Services Limited. This group also has interests in the following associates; Hargreaves Services Europe Limited, Hargreaves Raw Material Services GmbH and Hargreaves Carbon Products Polska Sp Z.o.o. In 2015 and 2016 the group had three subsidiaries not wholly owned; Rocfuel Limited, Rocpower Limited and Maxibrite Limited. In addition on 11 January 2016 the group acquired an interest in the following subsidiaries which are not wholly owned; Renaissance Land Regeneration Limited, Renaissance Land (D20) Limited, Renaissance Land Management Limited, Renaissance (Padiham) Limited and Norton Wind Energy Limited.

There were no transactions between the Company and these undertakings during the current year or previous period and no balances outstanding with them at the end of the year/period.

8 Contingent liabilities

On 31 July 2015, the Company became party to a group composite debenture arrangement with certain of the companies in the Hargreaves Services plc group. This is in respect of the new banking arrangements of Hargreaves Services plc (as outlined further in the Hargreaves Services plc group accounts) which are secured by means of both fixed and floating charges over all assets and undertakings of the Company. The total amount drawn on the group banking facility at 31 May 2016 was £33,000,000.

9 Ultimate parent company and parent undertaking of larger group

The Company is a subsidiary undertaking of Hargreaves Services plc. Hargreaves Services plc is the company's immediate and ultimate controlling party.

The only group in which the results of the company are consolidated is that headed by Hargreaves Services plc. The consolidated financial statements of this company are available to the public and may be obtained from Companies House.