

Hargreaves Services Forestry Limited

Director's Report and Financial Statements

Registered number 08587102

31 May 2018



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Director's Report

The director presents his Director's Report and the financial statements for the year ended 31 May 2018.

Principal activities and business review

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

The results for the year ended 31 May 2018 show a turnover of £924,000 (2017: £nil) and a profit before tax for the year of £308,000 (2017: £nil). The company did not have any profit or loss activity in the previous year.

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 director does not recommend the payment of a dividend (2017: £nil).

Directors

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

ID Cockburn	(resigned 4 October 2017)
KJS Dougan	(resigned 1 December 2017)
IP Slater	(appointed 1 December 2017)

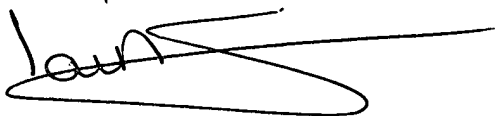
Disclosure of information to auditor

The director who held office at the date of approval of this director's report confirms that, so far as he is 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.

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.



IP Slater
Director

West Terrace
Esh Winning
Co Durham
DH7 9PT

22 November 2018

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

The directors are responsible for preparing the Director's 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 period. 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;
- 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.

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

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

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

Opinion

We have audited the financial statements of Hargreaves Services Forestry Limited ("the company") for the year ended 31 May 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2018 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.

Director's report

The directors are responsible for the director's 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 director's 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 director's 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.

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

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
- 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 misstatement, 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 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.



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

29 November 2018

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 May 2018

	<i>Note</i>	2018 £000	2017 £000
Turnover	2	924	-
Cost of sales		(616)	-
Gross profit		308	-
Administrative expenses		-	-
Operating profit		308	-
Interest payable and similar expenses		-	-
Profit before taxation		308	-
Tax on profit	5	(58)	-
Profit for the year		250	-

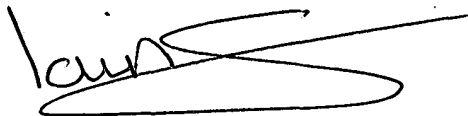
There was no other comprehensive income in addition to the result shown above.

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

Balance Sheet
at 31 May 2018

	<i>Note</i>	2018 £000	2017 £000
Current assets			
Stock	6	68	356
Debtors	7	411	-
		<hr/>	<hr/>
		479	356
Creditors: amounts falling due within one year	8	(229)	(356)
		<hr/>	<hr/>
Net assets		250	-
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	9	-	-
Profit and loss account		250	-
		<hr/>	<hr/>
Shareholders' funds		250	-
		<hr/>	<hr/>

These financial statements were approved by the director on 22 November 2018:



IP Slater
Director

Registered number: 08587102

Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 June 2016, 31 May 2017 and 1 June 2017	-	-	-
Total comprehensive income for the year			
Profit	-	250	250
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	250	250
	<hr/>	<hr/>	<hr/>
Balance at 31 May 2018	-	250	250
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

During prior financial years there were no movements in equity.

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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.

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;
- Disclosures in respect of the compensation of Key Management Personnel;
- Disclosures in respect of transactions with wholly owned subsidiaries; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

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 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.

Going concern

The company meets its day to day working capital requirements through support from related companies and the Company's ultimate parent undertaking. Hargreaves Services plc, one of the company's shareholders, has indicated that it will continue to provide support to enable the company to trade for at least 12 months from the date of approval of the accounts. After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue to operate in existence for the foreseeable future. Accordingly they continue to prepare the accounts 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.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, 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.

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised when goods or services are delivered and title has passed.

Taxation

Tax on the profit or loss for the period comprises of current tax. Tax is recognised in the profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Notes (continued)

2 Turnover

All turnover arises in the United Kingdom from the company's principal activities. Details of turnover by type are set out below:

	2018 £000	2017 £000
Sale of goods	924	-

3 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.

4 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	
	2018	2017
Directors	1	2

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

Notes *(continued)*

5 Taxation

Recognised in the profit and loss account

	2018 £000	£000	2017 £000	£000
<i>UK corporation tax</i>				
Group relief payable	58		-	
	<hr/>		<hr/>	
Total current tax		58		-
		<hr/>		<hr/>
Tax expense on profit		58		-
		<hr/>		<hr/>

Reconciliation of effective tax rate:

	2018 £000	2017 £000
Profit for the year	250	-
Total tax expense	58	-
	<hr/>	<hr/>
Profit excluding taxation	308	-
Tax using the UK corporation tax rate of 19% (2017: 19.83%)	58	-
	<hr/>	<hr/>
Total tax expense	58	-
	<hr/>	<hr/>

Factors that may affect future tax expenses

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) with a further reduction to 18% on 1 April 2020 were substantively enacted on 26 October 2015. On 16 March 2016 it was announced that the main rate of UK Corporation Tax would reduce to 17% on 1 April 2020. This change was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

6 Stocks

	2018 £000	2017 £000
Trading properties	68	356

Trading property stocks recognised as cost of sales in the year amounted to £288,000 (2017: £nil). There were no stock write downs or reversals in the current or prior periods.

7 Debtors

	2018 £000	2017 £000
Amounts owed by group undertakings	246	-
Prepayments and accrued income	165	-
	411	-

8 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Amounts owed to group undertakings	-	356
Other creditors	171	-
Group relief payable	58	-
	229	356

9 Capital and reserves

	2018 £	2017 £
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1 each	1	1

10 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. The group had three subsidiaries not wholly owned; Rocfuel Limited, Rocpower Limited and Maxibrite 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.

Notes *(continued)*

11 Contingent liabilities

The Company is party to a group composite debenture arrangement with certain of the companies in the Hargreaves Services plc group. This is in respect of the 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 2018 was £39,260,000 (2017: £32,500,000).

12 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 their registered address West Terrace, Esh Winning, Durham, DH7 9PT.