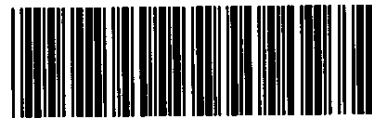


Grainger (Hallsville Block D1) Limited
Unaudited financial statements
30 September 2022

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Grainger (Hallsville Block D1) Limited

Financial statements

Year ended 30 September 2022

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Grainger (Hallsville Block D1) Limited

Officers and professional advisers

The board of directors

Helen C Gordon
Adam McGhin
Michael P Keaveney
Rob J Hudson
Steven R Clark

Company secretary

Adam McGhin

Registered office

Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JE

Banker

Barclays Bank plc
5 St Ann's Street
Quayside
Newcastle upon Tyne
NE1 2BH

Solicitor

Womble Bond Dickinson (UK) LLP
St Ann's Wharf
112 Quayside
Newcastle upon Tyne
NE1 3DX

Grainger (Hallsville Block D1) Limited

Directors' report

Year ended 30 September 2022

The directors present their report and the unaudited financial statements of the company for the year ended 30 September 2022.

Principal activities

The principal activity of the company during the year was property development and investment. The directors do not recommend the payment of a dividend (2021: £nil).

Directors

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

Helen C Gordon	
Adam McGhin	
Michael P Keaveney	
Rob J Hudson	(Appointed 15 November 2021)
Steven R Clark	(Appointed 25 March 2022)
Andrew P Saunderson	(Resigned 26 November 2021)

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 (Hallsville Block D1) Limited

Directors' report *(continued)*

Year ended 30 September 2022

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 30 May 2023 and signed on behalf of the board by:



Adam McGhin
Company Secretary

Grainger (Hallsville Block D1) Limited

Statement of comprehensive income

Year ended 30 September 2022

	Note	2022 £	2021 £
Fair value loss on investment property	5	(12,582)	—
Operating loss		(12,582)	—
Interest payable and similar expenses	6	(48,892)	(48,285)
Loss before taxation		(61,474)	(48,285)
Tax on loss	7	(1,450)	(3,858)
Loss for the financial year and total comprehensive loss		(62,924)	(52,143)

All the activities of the company are from continuing operations.

The notes on pages 7 to 13 form part of these financial statements.

Grainger (Hallsville Block D1) Limited

Statement of financial position

30 September 2022

	Note	2022 £	2021 £
Fixed assets			
Investment properties	8	6,699,230	6,402,574
Creditors: amounts falling due within one year	9	(6,705,188)	(6,400,317)
Net current liabilities		<u>(6,705,188)</u>	<u>(6,400,317)</u>
Total assets less current liabilities		(5,958)	2,257
Provisions			
Deferred tax	10	(109,009)	(54,300)
Net liabilities		<u>(114,967)</u>	<u>(52,043)</u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account	13	(115,067)	(52,143)
Shareholders' deficit		<u>(114,967)</u>	<u>(52,043)</u>

For the year ending 30 September 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements 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 30 May 2023, and are signed on behalf of the board by:



Adam McGhin
Director

Company registration number: 12170837

The notes on pages 7 to 13 form part of these financial statements.

Grainger (Hallsville Block D1) Limited

Statement of changes in equity

Year ended 30 September 2022

	Called up share capital £	Profit and loss account £	Total £
At 1 October 2020	100	–	100
<i>Loss for the year</i>	–	(52,143)	(52,143)
Total comprehensive loss for the year	–	(52,143)	(52,143)
At 30 September 2021	100	(52,143)	(52,043)
<i>Loss for the year</i>	–	(62,924)	(62,924)
Total comprehensive loss for the year	–	(62,924)	(62,924)
At 30 September 2022	100	(115,067)	(114,967)

The notes on pages 7 to 13 form part of these financial statements.

Grainger (Hallsville Block D1) Limited

Notes to the financial statements

Year ended 30 September 2022

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 (Hallsville Block D1) Limited ("the company") for the year ended 30 September 2022 were authorised for issue by the board of directors on 30 May 2023 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, modified to include the revaluation of investment property, 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 period.

Grainger (Hallsville Block D1) Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2022

3. Accounting policies *(continued)*

Going concern

Notwithstanding net current liabilities of £6,705,188 as at 30 September 2022 and a loss for the year then ended of £62,924, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company is a subsidiary of Grainger plc. The directors of Grainger plc, the ultimate parent undertaking, manage the group's strategy and risks on a consolidated basis, rather than at an individual entity level. Similarly, the financial and operating performance of the business is assessed at a Grainger plc operating segment level. For these reasons, the directors do not prepare cash flow forecasts at an individual entity level.

On a consolidated basis, the Group has assessed its future funding commitments and compared these to the level of committed loan facilities and cash resources over the medium term. In making this assessment, consideration has been given to compliance with borrowing covenants along with the uncertainty inherent in future financial forecasts and, where applicable, severe sensitivities have been applied to the key factors affecting financial performance of the Group. The assessment includes the potential impact of reduced PRS occupancy, contraction in rental levels, reduced property valuations, cost inflation and changes in interest rates. The Directors of the Group have a reasonable expectation that it has adequate resources to continue operating for the foreseeable future period, and not less than 12 months from the date of approval of these financial statements.

Grainger plc has indicated that it will make available such funds as are needed by the entity and that it does not intend to seek repayment of amounts due at the balance sheet date for the foreseeable future. As with any entity placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. The directors do not intend to nor have they identified any circumstances which may lead to the entity being liquidated or to cease operating.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Grainger (Hallsville Block D1) Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2022

3. Accounting policies *(continued)*

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.

The company has considered the impact of the adoption of those new and revised International Financial Reporting Standards and interpretations that were effective for the first time from 1 October 2021. There has been no material impact on the company following the adoption of these standards.

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.

Grainger (Hallsville Block D1) Limited

Notes to the financial statements (continued)

Year ended 30 September 2022

3. Accounting policies (continued)

Investment property under construction

Investment property under construction is measured initially at its cost, including related transaction costs.

After initial recognition, investment property under construction is carried at fair value when construction is sufficiently progressed to be able to reliably measure its fair value. Fair value is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specified asset. If this information is not available, the company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections.

Subsequent expenditure is included in the carrying amount of the property when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Gains or losses arising from changes in the fair value of the company's investment properties are included in the statement of comprehensive income of the period in which they arise.

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.

4. Employee costs

There are no persons holding service contracts with the company (2021: none). None of the directors received any remuneration from the company during the year, or in the previous period, in respect of their services to the company.

5. Fair value loss on investment property

	2022 £	2021 £
Fair value loss on investment property	(12,582)	—

6. Interest payable and similar expenses

	2022 £	2021 £
Interest due to group undertakings	280,308	265,486
Interest capitalised in investment property	(231,416)	(217,201)
	<u>48,892</u>	<u>48,285</u>

Grainger (Hallsville Block D1) Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2022

7. Tax on loss

Major components of tax expense

	2022 £	2021 £
Current tax:		
UK current tax income	(53,259)	(50,442)
Deferred tax:		
Origination and reversal of temporary differences	54,709	54,300
Tax on loss	<u>1,450</u>	<u>3,858</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 loss on ordinary activities for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%).

	2022 £	2021 £
Loss on ordinary activities before taxation	(61,474)	(48,285)
Loss on ordinary activities by rate of tax	(11,680)	(9,174)
Impact of tax rate changes	13,130	13,032
Tax on loss	<u>1,450</u>	<u>3,858</u>

Factors that may affect future tax income

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) has been enacted. This will increase the company's future current tax charge accordingly. Deferred tax at 30 September 2022 has been measured at 25% (2021: 25%).

8. Investment properties

	Assets under construction £	Total £
Cost or valuation		
At 1 October 2021	6,402,574	6,402,574
Additions	309,238	309,239
Revaluations	(12,582)	(12,583)
At 30 September 2022	<u>6,699,230</u>	<u>6,699,230</u>
Carrying amount		
At 30 September 2022	<u>6,699,230</u>	<u>6,699,230</u>
At 30 September 2021	<u>6,402,574</u>	<u>6,402,574</u>

Grainger (Hallsville Block D1) Limited

Notes to the financial statements (continued)

Year ended 30 September 2022

9. Creditors: amounts falling due within one year

	2022 £	2021 £
Amounts owed to group undertakings	<u>6,705,188</u>	<u>6,400,317</u>

Included within amounts owed to group undertakings is an amount of £6,614,794 (2021: £6,334,486), which is unsecured, is repayable on demand but is not expected to be repaid within the next 12 months, and bears interest at a weighted rate of 4.34% (2021: 4.29%). Interest payable for the year amounted to £280,308 (2021: £265,486). All other amounts are unsecured, are repayable on demand, and do not bear interest.

10. Provisions

	Deferred tax (note 11) £
At 1 October 2021	<u>54,300</u>
Additions	<u>54,709</u>
At 30 September 2022	<u>109,009</u>

11. Deferred tax

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

	2022 £	2021 £
Included in provisions (note 10)	<u>109,009</u>	<u>54,300</u>

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

	2022 £	2021 £
Interest capitalised in investment property	<u>109,009</u>	<u>54,300</u>

12. Called up share capital

Issued, called up and fully paid

	2022		2021	
	No.	£	No.	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

13. Reserves

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

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.

Grainger (Hallsville Block D1) Limited

Notes to the financial statements *(continued)*

Year ended 30 September 2022

15. Ultimate parent undertaking and 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.

Grainger PRS Limited is the immediate parent company by virtue of its 100% shareholding in the company.