

Company Registration No. SC162636 (Scotland)

HFD OFFICES LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 23 JUNE 2021
PAGES FOR FILING WITH REGISTRAR

HFD OFFICES LIMITED

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HFD OFFICES LIMITED

BALANCE SHEET

AS AT 23 JUNE 2021

		2021		2019	
	Notes	£'000	£'000	as restated £'000	£'000
Fixed assets					
Tangible assets	5		45,820		5,286
Investment properties	6		21,660,000		22,800,503
			<u>21,705,820</u>		<u>22,805,789</u>
Current assets					
Stocks		-		444,245	
Debtors	7	22,186,888		16,166,544	
Cash at bank and in hand		3,481,392		6,137,112	
		<u>25,668,280</u>		<u>22,747,901</u>	
Creditors: amounts falling due within one year	8	(4,605,255)		(4,853,987)	
Net current assets			<u>21,063,025</u>		<u>17,893,914</u>
Total assets less current liabilities			<u>42,768,845</u>		<u>40,699,703</u>
Creditors: amounts falling due after more than one year	9		(10,966,282)		(10,416,750)
Provisions for liabilities	11		(323,105)		(428,774)
Net assets			<u><u>31,479,458</u></u>		<u><u>29,854,179</u></u>
Capital and reserves					
Called up share capital	13		12,922,600		12,922,600
Profit and loss reserves			18,556,858		16,931,579
Total equity			<u><u>31,479,458</u></u>		<u><u>29,854,179</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board of directors and authorised for issue on 16 March 2022 and are signed on its behalf by:

Mr W D Hill
Director

Company Registration No. SC162636

HFD OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 23 JUNE 2021

1 Accounting policies

Company information

HFD Offices Limited is a private company limited by shares incorporated in Scotland. The registered office is Phoenix House, Phoenix Crescent, Strathclyde Business Park, Bellshill, Lanarkshire, United Kingdom, ML4 3NJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention subject to the revaluation of certain assets. The principal accounting policies adopted are set out below.

1.2 Going concern

The directors are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business. In satisfaction of this responsibility the directors have considered the company's ability to meet its liabilities as they fall due.

The company meets its day to day working capital requirements through loans, overdraft facilities and finance leases. The company closely monitors and manages its funding position and liquidity risk throughout the year to ensure that it has access to sufficient funds to meet forecast cash requirements.

The current and future financial position of the company, its cash flows and liquidity position have been reviewed by the directors. The company has agreed long term funding with its bankers and the directors are confident that the existing funding facilities will provide sufficient headroom to meet forecast cash requirements. The company's continued growth and long-term forecast outlook has provided further assurance to the directors regarding its financial position.

As such, the directors consider that it is appropriate to prepare financial statements on a going concern basis.

1.3 Reporting period

The directors have changed the reporting period of the company to 23 June in order to align with wider group considerations. As such, the directors present financial statements for the period 24 December 2019 to 23 June 2021 utilising the day 7 day variation to statutory year end for administrative purposes. Comparative amounts presented in the financial statements (including the related notes) are therefore not entirely comparable.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover primarily represents amounts invoiced during the year for the provision of letting and property management services, exclusive of value added tax. Income which relates to future periods is included in accruals and deferred income. Turnover also includes food and beverage sales during the year, excluding value added tax.

HFD OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 JUNE 2021

1 Accounting policies

(Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and machinery	25% on cost
Fixtures and fittings	25% on cost
Computer equipment	25% on cost
Motor vehicles	25% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

1.7 Impairment of fixed assets

A provision for impairment is established when there is objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows have been impacted.

1.8 Stocks

Stocks are stated at the lower of cost, using the first in first out method, and selling price less costs to complete and sell.

Development land is stated at the lower of acquisition costs and net realisable value.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

HFD OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 JUNE 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

HFD OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 JUNE 2021

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

1.17 Amounts due to landlords

Rental income received from tenants, where HFD Property Management Services Limited is acting as agent, is recorded in the balance sheet until such time as payment is made to the landlord of the building concerned.

HFD OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 JUNE 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Employees

The average monthly number of persons (including directors) employed by the company during the Period was:

	2021 Number	2019 Number
Total	19	24

4 Taxation

	2021 £'000	2019 £'000
Current tax		
UK corporation tax on profits for the current period	501,852	-
Deferred tax		
Origination and reversal of timing differences	(105,669)	27,485
Total tax charge	396,183	27,485

HFD OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 JUNE 2021

5 Tangible fixed assets

	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 24 December 2019	-	137,919	22,704	29,389	190,012
Additions	9,815	5,561	-	38,455	53,831
Disposals	-	-	-	(29,389)	(29,389)
At 23 June 2021	9,815	143,480	22,704	38,455	214,454
Depreciation and impairment					
At 24 December 2019	-	137,919	22,704	24,103	184,726
Depreciation charged in the period	1,022	580	-	11,695	13,297
Eliminated in respect of disposals	-	-	-	(29,389)	(29,389)
At 23 June 2021	1,022	138,499	22,704	6,409	168,634
Carrying amount					
At 23 June 2021	8,793	4,981	-	32,046	45,820
At 23 December 2019	-	-	-	5,286	5,286

The net book value of tangible fixed assets includes an amount of £32,046 (2019 - £4,286) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £6,409 (2019 - £7,347).

6 Investment property

	2021 £'000
Fair value	
At 23 December 2019 as restated	22,800,503
Revaluations	(1,140,502)
At 23 June 2021	21,660,000

A professional 3rd party valuation of the investment properties was carried out by Lambert Smith Hampton, RICS Registered Valuers, as at 28 February 2022. The directors have concluded that this represents the fair value of the investment properties held and is an appropriate fair value as at 23 June 2021.

HFD OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 JUNE 2021

7 Debtors

	2021	2019 as restated
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	619,613	540,616
Amounts owed by group undertakings	20,595,061	13,677,240
Other debtors	972,214	1,948,688
	<u>22,186,888</u>	<u>16,166,544</u>

8 Creditors: amounts falling due within one year

	2021	2019
	£'000	£'000
Bank loans	1,225,500	1,225,500
Trade creditors	333,906	557,216
Amounts owed to group undertakings	28,734	1,804,686
Corporation tax	501,852	-
Other taxation and social security	403,446	171,511
Other creditors	2,111,817	1,095,074
	<u>4,605,255</u>	<u>4,853,987</u>

9 Creditors: amounts falling due after more than one year

	Notes	2021	2019
		£'000	£'000
Bank loans and overdrafts	10	10,941,250	10,416,750
Obligations under finance leases		25,032	-
		<u>10,966,282</u>	<u>10,416,750</u>

10 Loans and overdrafts

	2021	2019
	£'000	£'000
Bank loans	<u>12,166,750</u>	<u>11,642,250</u>
Payable within one year	1,225,500	1,225,500
Payable after one year	<u>10,941,250</u>	<u>10,416,750</u>

The bank loan is secured by a bond and floating charge over the assets and undertakings of the company and a first ranking standard security over the company's heritable properties.

HFD OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 JUNE 2021

11 Provisions for liabilities

		2021 £'000	2019 £'000
Deferred tax liabilities	12	323,105	428,774

12 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £'000	Liabilities 2019 £'000
Balances:		
Fixed asset timing difference	688,728	428,774
Short term timing difference	(497)	-
Capital losses	(365,126)	-
	<u>323,105</u>	<u>428,774</u>
Movements in the Period:		2021 £'000
Liability at 24 December 2019		428,774
Credit to profit or loss		(105,669)
Liability at 23 June 2021		<u>323,105</u>

13 Called up share capital

	2021 £'000	2019 £'000
Ordinary share capital Issued and fully paid		
10,000 Ordinary of 1p each	100	100
12,922,500 Ordinary - of £1 each	12,922,500	12,922,500
	<u>12,922,600</u>	<u>12,922,600</u>

The Ordinary shares of £0.01 each and the Ordinary shares of £1 each rank pari passu in all respects except in relation to income. The £0.01 Ordinary shares and the £1 Ordinary shares shall rank separately with regard to entitlement to dividend such that the directors may at any time resolve to declare or recommend a dividend on one class of share and not on the other class.

HFD OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 JUNE 2021

14 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was James McBride and the auditor was Azets Audit Services.

15 Contingent liabilities

The company has given its bankers a guarantee that in the event of HFD Avondale House Limited and HFD Management Services LLP not repaying their bank loans, the company will satisfy this debt. At 23 June 2021, this debt was £4,883,250 (2019: £5,458,000).

16 Related party transactions

Transactions with related parties

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", not to disclose related party transactions with wholly owned subsidiaries within the group.

	Sales		Purchases	
	2021	2019	2021	2019
	£'000	£'000	£'000	£'000
Other related parties	2,125	164	1,036	275
	=====	=====	=====	=====

The following amounts were outstanding at the reporting end date:

Amounts due to related parties	2021	2019
	£'000	£'000
Other related parties	95	533
	=====	=====

The following amounts were outstanding at the reporting end date:

Amounts due from related parties	2021	2019
	£'000	£'000
Other related parties	231	6
	=====	=====

Interest receivable from related parties was £85,141 (2019: £nil)

HFD OFFICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 23 JUNE 2021

17 Parent company

The parent of the smallest group for which consolidated financial statements are drawn up is HFD Group Limited, whose registered office is Phoenix House, Phoenix Crescent, Strathclyde Business Park, Lanarkshire, ML4 3NJ.

The Hill 2011 Trust and The Alexander Trust and their members are considered to be the ultimate controlling party due to their majority shareholding in HFD Group Limited.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.