

**HIMOR (Property Manchester) Limited (formerly
HIMOR (Ship Canal House) Limited)**

**Directors' Report and Financial
Statements**

Registered number 04521168

30 June 2016



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2016.

In accordance with Section 414B of the companies act 2006 (Strategic report and Directors' report) regulations 2013, the company is exempt from preparing a Strategic report.

Principal activities

The principal activity is the acquisition and letting of commercial property.

Business performance

The results of the company are in line with expectations and its profit and loss account is set out on page 6.

During the year the company purchased, as investment property, Bradley Hall for £349,500 following the sale of Ship Canal House in the prior year. The property was revalued to purchase price of £335,500 at 30 June 2016 with the resulting fair value loss charged to operating expenses in the profit and loss account.

On 3 December 2015 the company changed its name from HIMOR (Ship Canal House) Limited to HIMOR (Property Manchester) Limited.

Principal risks and uncertainties

The company has a quarterly board meeting. Performance is monitored against a detailed budget and revised forecasts are updated regularly. This quarterly meeting includes a managing director's report, a development and property report, a finance report, consideration of other operational issues and a marketing report.

Research and development

The company does not undertake any research and development.

Financial instruments

The company's financial instruments comprise share capital and items arising from operations (trade debtors and trade creditors).

Political contributions

The company made no political donations nor incurred any political expenditure during the year.

Proposed dividend and transfer to reserves

The loss on the ordinary activities of the company before taxation amounted to £18,000 (2015: £697,000). The directors do not propose the payment of a dividend (2015: £nil).

Key performance indicators

The company focuses on return on capital employed. For rented properties the company focuses on key rental statistics such as occupancy and passing rent together with site profitability.

Directors

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

W Ainscough
W F Ainscough
A Gee

Directors' report *(continued)*

Disclosure of information to auditors

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 auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

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.

By order of the board



W F Ainscough
Director

19-9-16

Carrington Business Park
Carrington
Manchester
M31 4DD

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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.



KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditors' report to the members of HIMOR (Property Manchester) Limited (formerly HIMOR (Ship Canal House) Limited)

We have audited the financial statements of HIMOR (Property Manchester) Limited (formerly HIMOR (Ship Canal House) Limited) for the year ended 30 June 2016 set out on pages 6 to 16. 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 3 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 (APB'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 30 June 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent auditors' report to the members of HIMOR (Property Manchester) Limited (formerly HIMOR (Ship Canal House) 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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.

Nicola Quayle

**Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

1 St Peter's Square
Manchester
M2 3AE

14 October 2016

Profit and loss account and other comprehensive income
for the year ended 30 June 2016

	<i>Note</i>	2016 £000	2015 £000
Revenue		17	316
Expenses		(35)	(696)
		<hr/>	<hr/>
Operating loss	2,3	(18)	(380)
Interest payable	4	-	(317)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(18)	(697)
Tax on loss on ordinary activities	5	(45)	275
		<hr/>	<hr/>
Loss and total comprehensive loss for the financial year		(63)	(422)
		<hr/>	<hr/>

Revenue and operating losses were derived from the company's continuing operations.

The notes on pages 9 to 16 form part of these financial statements

Balance sheet
at 30 June 2016

	<i>Note</i>	2016		2015	
		£000	£000	£000	£000
Fixed assets					
Investment property	6		335		-
Current assets					
Debtors	7	22,573		23,332	
Cash at bank and in hand		17		12	
		<u>22,590</u>		<u>23,344</u>	
Creditors: amounts falling due within one year	8	<u>(220)</u>		<u>(576)</u>	
Net current assets			22,370		22,768
Total assets less current liabilities			<u>22,705</u>		<u>22,768</u>
Net assets			<u>22,705</u>		<u>22,768</u>
Capital and reserves					
Called up share capital	9	11,163		11,163	
Profit and loss account		11,542		11,605	
		<u>22,705</u>		<u>22,768</u>	

The notes on pages 9 to 16 form part of these financial statements.

These financial statements were approved by the board of directors on **19-9-16** and were signed on its behalf by:



W F Ainscough
 Director

Company registration number – 04521168

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total £000
Balance at 1 July 2014	11,163	12,027	23,190
Total comprehensive income for the period			
Loss for the year	-	(422)	(422)
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	(422)	(422)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2015	11,163	11,605	22,768
	<hr/>	<hr/>	<hr/>
Balance at 1 July 2015	11,163	11,605	22,768
Total comprehensive income for the period			
Loss for the year	-	(63)	(63)
Other comprehensive income	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	(63)	(63)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2016	11,163	11,542	22,705
	<hr/>	<hr/>	<hr/>

The notes on pages 9 to 16 form part of these financial statements.

Notes

(Forming part of the financial statements)

1. Accounting policies

HIMOR (Property Manchester) Limited (the "company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the company is provided in note 13.

The company's parent undertaking, HIMOR Group Limited, includes the company in its consolidated financial statements. The consolidated financial statements of HIMOR Group Limited are prepared in accordance with FRS 102 as adopted by the EU and are available to the public and may be obtained from the address given in note 10. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash flow statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of ultimate parent undertaking include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosure:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The company proposes to continue to adopt the reduced disclosure framework of FRS 102 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. On first time adoption of FRS 102, the company has not retrospectively changed its accounting under old UK GAAP for accounting estimates.

Measurement convention

The financial statements are prepared on the historical cost basis except that investment property is at fair value.

Going concern

The financial statements have been prepared on a going concern basis, which the directors believe to be appropriate, on the basis that HIMOR Group Limited (the company's parent) will continue to provide financial support to the extent necessary to enable it to continue to trade and to pay its liabilities as and when they become due and will not request repayment of the current intercompany creditor balances.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Revenue

Revenue represents the rental income receivable in the year (excluding value added tax) derived from the investment property held by the company.

Expenses

Interest payable

Interest payable and similar charges include interest payable on bank loans and overdrafts. Interest payable is recognised in profit and loss as it accrues.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Classification of financial instruments issued by the company

In accordance with FRS 102.22, financial instruments issued by the company are treated as equity 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.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs.

Notes (continued)

1 Accounting policies (continued)

Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- ii. no depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

2. Employee costs and directors' remuneration

The company has no employees (2015: nil).

Directors' remuneration of £nil was paid during the year (2015: £nil).

The directors' remuneration was paid by HIMOR Group Limited, the company's parent undertaking, in the current year and prior year. It is not practical to determine how much of this remuneration is in respect of services performed on behalf of HIMOR (Property Manchester) Limited and therefore it is HIMOR Group Limited that bears this cost in full. No amounts are recharged to the company.

3. Auditor remuneration

Auditor's remuneration was paid by HIMOR Group Limited, the company's parent undertaking, in both 2016 and 2015 without recharge. The following are the amounts allocated in respect of HIMOR (Property Manchester) Limited.

	2016 £000	2015 £000
<i>Auditors' remuneration</i>		
Audit of these financial statements	2	3
	<hr/>	<hr/>

4. Interest payable and similar charges

	2016 £000	2015 £000
On bank loans and overdrafts	-	(222)
Fair value movement on interest rate swaps	-	(95)
	<hr/>	<hr/>
	-	(317)
	<hr/>	<hr/>

Interest payable in the prior year was in relation to a bank loan that was repaid during the year ended 30 June 2015.

Notes (continued)

5. Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £000	2015 £000
<i>Current tax</i>		
Current tax on income for the period	-	-
Adjustment in respect of prior periods	45	(45)
Total current tax	45	(45)
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	(230)
Adjustment in respect of prior periods	-	-
Total deferred tax charge/(credit)	-	(230)
Total Tax	45	(275)

All current and deferred tax in both 2016 and 2015 was recognised in the profit and loss account. There was no tax expense or credit recognised directly in other comprehensive income or equity.

The tax charge/(credit) for the year is higher than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 20.75%). The differences are explained below:

Reconciliation of effective tax rate	2016 £000	2015 £000
Loss for the year	(63)	(422)
Total tax expense/(credit)	45	(275)
Loss for the year before tax	(18)	(697)
Current tax at 20% (2015: 20.75%)	(4)	(144)
<i>Effects of:</i>		
Fixed asset differences	-	(747)
Expenses not deductible for tax purposes	3	19
Group relief surrendered/(claimed)	44	175
Adjustment in respect of prior periods	45	(45)
Depreciation in excess of capital allowance	-	467
Adjust closing deferred tax to average rate of 20%	40	-
Deferred tax not recognised	(83)	-
	45	(275)

Factors affecting the future tax charge

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

6. Investment property

	£000
Balance at 1 July 2015	-
Additions	349
Revaluation	(14)
Balance at 30 June 2016	335
Historical cost net book value	349

On 4 March 2016 the company purchased Bradley Hall for £349,500. This property was revalued to £335,500 at 30 June 2016.

No item of investment property in the year was valued by an external, independent valuer. The directors value the portfolio every year.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the turnover accounting policy.

7. Debtors

	2016 £000	2015 £000
Amounts owed by related party undertakings	22,537	23,287
Other debtors	36	-
Corporation tax	-	45
	22,573	23,332

8. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	-	155
Amounts owed to related party undertakings	212	174
Accruals and deferred income	8	247
	220	576

Notes (continued)

9. Share capital

	2016 £000	2015 £000
<i>Authorised, allotted and called up</i>		
11,163,136 (2015: 11,163,136) Ordinary shares of £1 each	11,163	11,163

10. Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a wholly owned subsidiary of its parent undertaking, HIMOR Group Limited, a company registered in England and Wales. The ultimate controlling party is Mr W Ainscough, the majority shareholder of HIMOR Group Limited.

The largest and smallest group in which the results of the company are consolidated is that headed by HIMOR Group Limited. The financial statements of HIMOR Group Limited are available to the public and may be obtained from Companies House, Crown Way, Maindy, Cardiff.

11 Related parties

As a wholly owned subsidiary of HIMOR Group Limited the company has taken advantage of the exemption contained in FRS 102.33.1A and has therefore not disclosed details of transactions or balances with other wholly owned subsidiaries which form part of the Group.

12 Accounting estimates and judgements

In the application of the company's accounting policies the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These estimates and 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 if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors do not believe that there are any accounting policies that would be likely to produce materially different results should there be a change to the underlying judgements, estimates and assumptions.

13 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 30 June 2016 and the comparative information presented in these financial statements for the year ended 30 June 2015.

In preparing its FRS 102 balance sheet, the company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Notes (continued)

13 Explanation of transition to FRS 102 from old UK GAAP (continued)

Reconciliation of equity

	Note	1 July 2014			30 June 2015		
		UK GAAP	Effect of transition to FRS 102	FRS 102	UK GAAP	Effect of transition to FRS 102	FRS 102
		£000	£000	£000	£000	£000	£000
Fixed assets							
Investment property	a	-	25,019	25,019	-	-	-
Tangible fixed assets	a	25,019	(25,019)	-	-	-	-
Current assets							
Debtors	b, c	9,361	95	9,456	23,158	174	23,332
Cash at bank and in hand		319	-	319	12	-	12
Creditors: amounts due within one year	c	(576)	-	(576)	(402)	(174)	(576)
Net current assets		9,104	95	9,199	22,768	-	22,768
Creditors: amounts falling due after more than one year		(10,798)	-	(10,798)	-	-	-
Provisions for liabilities							
Deferred tax		(230)	-	(230)	-	-	-
Net assets		23,095	95	23,190	22,768	-	22,768
Capital and reserves							
Called up share capital		11,163	-	11,163	11,163	-	11,163
Revaluation reserve	d	2,019	(2,019)	-	-	-	-
Profit and loss account	b, d	9,913	2,114	12,027	11,605	-	11,605
Shareholders' equity		23,095	95	23,190	22,768	-	22,768

Notes to the reconciliation of equity

- Investment property was presented within tangible fixed assets under old UK GAAP. Under FRS 102 this is shown as a separate caption on the face of the balance sheet.
- At 30 June 2014 the company held an interest rate swap valued at £95,000 which, under FRS 102, is required to be recorded at fair value through the profit and loss account. Previously these items were accounted for off balance sheet under old UK GAAP. At 30 June 2015 no financial instruments were held and the effect of transition is therefore to record the fair value movement associated with this instrument, reducing the financial asset to nil.
- The directors have taken the opportunity under transition to FRS 102 to reclassify certain prior year amounts due from/to related party undertakings to better reflect how these amounts are to be settled.

Notes (continued)

13 Explanation of transition to FRS 102 from old UK GAAP (continued)

Notes to the reconciliation of equity (continued)

- d) Under FRS 102, fair value movements in the value of investment property are recognised in the profit and loss account rather than via a separate revaluation reserve. The revaluation reserve has therefore been reclassified to the profit and loss account within equity.

Reconciliation of profit for year ending 30 June 2015

	Note	UK GAAP £000	2015 Effect of transition to FRS 102 £000	FRS 102 £000
Turnover		316	-	316
Operating expenses		(696)	-	(696)
		<hr/>	<hr/>	<hr/>
Operating loss		(380)	-	(380)
Interest payable	a	(222)	(95)	(317)
		<hr/>	<hr/>	<hr/>
Loss on ordinary activities before taxation		(602)	(95)	(697)
Tax on loss on ordinary activities	a	275		275
		<hr/>	<hr/>	<hr/>
Loss and total comprehensive loss for the year		(327)	(95)	(422)
		<hr/>	<hr/>	<hr/>

Notes to the reconciliation of profit

- a) At 30 June 2014 the company held an interest rate swap valued at £95,000 which, under FRS 102, is required to be recorded at fair value through the profit and loss account. Previously these items were accounted for off balance sheet under old UK GAAP. At 30 June 2015 no financial instruments were held and the effect of transition is therefore to record the fair value movement associated with this instrument, reducing the financial asset to nil.