

HENRY DAVIES (HOLBORN) LIMITED

FINANCIAL STATEMENTS

31 MARCH 2016



COHEN ARNOLD
Chartered accountant & statutory auditor
New Burlington House
1075 Finchley Road
London
NW11 0PU

HENRY DAVIES (HOLBORN) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2016

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HENRY DAVIES (HOLBORN) LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2016

The directors present their report and the financial statements of the company for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is share investment. There has been no significant change in the nature of the company's business activities during the year under review, nor is any envisaged in the immediate future.

DIRECTORS

The directors who served the company during the year were as follows:

Mr B S E Freshwater

Mr L Stempel

The Articles of Association of the company do not require the directors to retire by rotation. Neither director has a service contract with the company.

The majority of the day-to-day management of the company's operations are carried out by Highdorn Co. Limited. Mr BSE Freshwater is a director of, but has no beneficial interest in the share capital of, Highdorn Co. Limited.

RESULTS AND DIVIDENDS

The results for the year are set out in the attached profit and loss account and explanatory notes.

The company did not pay a dividend in the year (2015: £nil). The directors do not propose a final dividend for the year (2015: £nil).

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). 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 judgments and accounting estimates that are reasonable and prudent;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DONATIONS

During the year the company made no charitable donation nor political contribution.

HENRY DAVIES (HOLBORN) LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2016

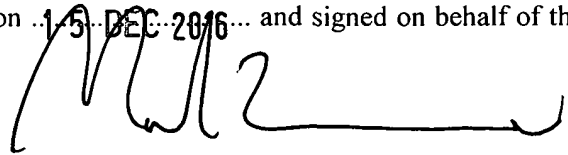
AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all 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 auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on ~~15 DEC 2016~~ and signed on behalf of the board by:



M R M Jenner, F.C.I.S.
Company Secretary

Registered office:
Freshwater House
158 - 162 Shaftesbury Avenue
London
NW11 0PU

HENRY DAVIES (HOLBORN) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HENRY
DAVIES (HOLBORN) LIMITED
YEAR ENDED 31 MARCH 2016

We have audited the financial statements of Henry Davies (Holborn) Limited for the year ended 31 March 2016 which comprise the profit and loss account, statement of income and retained earnings, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 shareholders, 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 shareholders 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 shareholders 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

HENRY DAVIES (HOLBORN) LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HENRY
DAVIES (HOLBORN) LIMITED *(continued)*

YEAR ENDED 31 MARCH 2016

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.



JOSHUA NEUMANN (Senior Statutory Auditor)

For and on behalf of
Cohen Arnold
Chartered accountant & statutory auditor

New Burlington House
1075 Finchley Road
London
NW11 0PU

15 DEC 2016

HENRY DAVIES (HOLBORN) LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2016**

	Note	2016 £	2015 £
TURNOVER	3	1,701,999	1,585,954
GROSS PROFIT		1,701,999	1,585,954
Administrative expenses		(933)	(933)
Net valuation (deficit)/gains on listed investments		(2,417,613)	20,563,245
OPERATING (LOSS)/PROFIT	4	(716,547)	22,148,266
Interest receivable		5,899	17,696
Interest payable	6	(2)	—
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(710,650)	22,165,962
Tax on (loss)/profit on ordinary activities	7	2,520,000	(4,096,000)
PROFIT FOR THE FINANCIAL YEAR		1,809,350	18,069,962

All the activities of the company are from continuing operations.

HENRY DAVIES (HOLBORN) LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
Profit for the financial year and total comprehensive income		1,809,350	18,069,962
RETAINED EARNINGS AT THE START OF THE YEAR		103,916,108	85,846,146
RETAINED EARNINGS AT THE END OF THE YEAR		<u>105,725,458</u>	<u>103,916,108</u>

The balance on the profit and loss account at 31 March 2016 includes £91,806,995 of unrealised profits which are not available for distribution.

The notes on pages 8 to 15 form part of these financial statements.

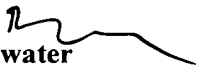
HENRY DAVIES (HOLBORN) LIMITED

BALANCE SHEET

31 MARCH 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Investments	8	111,790,403	114,208,016
CURRENT ASSETS			
Debtors	9	15,444,311	11,546,991
Cash at bank and in hand		1,756,484	3,945,908
		<u>17,200,795</u>	<u>15,492,899</u>
CREDITORS: amounts falling due within one year	10	<u>(5,145,386)</u>	<u>(5,143,453)</u>
NET CURRENT ASSETS		<u>12,055,409</u>	<u>10,349,446</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>123,845,812</u>	<u>124,557,462</u>
PROVISIONS	12	<u>(18,005,000)</u>	<u>(20,526,000)</u>
NET ASSETS		<u>105,840,812</u>	<u>104,031,462</u>
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Other reserves	14	115,254	115,254
Profit and loss account	14	105,725,458	103,916,108
SHAREHOLDERS FUNDS		<u>105,840,812</u>	<u>104,031,462</u>

These financial statements were approved by the board of directors and authorised for issue on 5 DEC 2016, and are signed on behalf of the board by:


B S E Freshwater
Director

Company registration number: 501607

HENRY DAVIES (HOLBORN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2016

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

2. ACCOUNTING POLICIES

Basis of preparation

Henry Davies (Holborn) Limited (the "Company") is a company limited by shares and incorporated in the UK. The Company's Registered Office is Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR. The presentation currency of these financial statements is sterling.

The financial statements have been prepared under the historical cost convention except that investments are measured at fair value.

The financial statements have been prepared in accordance with the accounting principles appropriate to a going concern, as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due, based on the net current asset position of the company and available sources of finance.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 18.

Disclosure exemptions

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 the end of the period;
- Cash Flow Statement and related notes;
- Key Management Personnel compensation; and
- Basic and Other Financial Instruments.

The Company's ultimate parent undertaking, Highdorn Co. Ltd, includes the Company in its consolidated financial statements. The consolidated financial statements of Highdorn Co. Ltd are prepared in accordance with FRS 102 and are available to the public and may be obtained from Freshwater House, 158-162 Shaftesbury Avenue, London WC2H 8HR.

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

Judgements and key sources of estimation uncertainty

There are no judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements nor any estimates with a significant risk of material adjustment in the next year.

Turnover

Turnover represents income from listed investments.

HENRY DAVIES (HOLBORN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES *(continued)*

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

Provision is made for consideration payable to or receivable from other group undertakings for the surrender of losses under group relief provisions.

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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax.

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 listed investments that are measured at fair value, deferred tax is provided at the rate and allowances applicable to the sale of the listed investments.

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.

Investments

Listed investments are initially recorded at cost, and subsequently stated at fair value with changes in fair value being recognised in profit or loss account.

HENRY DAVIES (HOLBORN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

2. ACCOUNTING POLICIES *(continued)*

Financial instruments

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 entity after deducting all its financial liabilities.

Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate for a similar debt instrument.

Income and expenses

Interest receivable and Interest payable:

Interest income and interest payable are recognised in the profit and loss account as they accrue, using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or redevelopment of an asset that takes a substantial time to be prepared for use are expensed as incurred.

Interest receivable and similar income include interest receivable on intercompany loans and late payment charges.

Related party transactions

The company has taken advantage of the exemptions in FRS102 in order to dispense with the requirements to disclose transactions with other companies in the Highdorn Co. Limited group.

3. TURNOVER

Turnover arises from:

	2016	2015
	£	£
Income from listed investments	<u>1,701,999</u>	<u>1,585,954</u>

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

HENRY DAVIES (HOLBORN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

4. OPERATING PROFIT

Operating profit or loss is stated after charging:

	2016	2015
	£	£
Fees payable for the audit of the financial statements	<u>920</u>	<u>920</u>

Amounts receivable by the company's auditor in respect of services to the company, 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 ultimate parent undertaking, Highdorn Co. Limited.

5. PARTICULARS OF EMPLOYEES

No salaries or wages have been paid to employees including the directors during the year (2015: £Nil).

6. INTEREST PAYABLE

	2016	2015
	£	£
Other interest payable and similar charges	<u>2</u>	<u>—</u>

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

Major components of tax (income)/expense

	2016	2015
	£	£
Current tax:		
Consideration Payable for Group Relief	1,000	4,000
Deferred tax:		
Origination and reversal of timing differences	(468,000)	4,092,000
Impact of change in tax rate	<u>(2,053,000)</u>	<u>—</u>
Total deferred tax	<u>(2,521,000)</u>	<u>4,092,000</u>
Tax on (loss)/profit on ordinary activities	<u>(2,520,000)</u>	<u>4,096,000</u>

All tax is recognised in the profit and loss account.

Reconciliation of tax (income)/expense

The tax assessed on the profit on ordinary activities for the year is lower than (2015: lower than) the standard rate of corporation tax in the UK of 20% (2015: 21%).

	2016	2015
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(710,650)</u>	<u>22,165,962</u>
(Loss)/profit on ordinary activities by rate of tax	(142,130)	4,654,852
Non-taxable income	(340,400)	(333,050)
Timing differences on unrealised gains	15,523	(226,281)
Impact of change in tax rate	<u>(2,053,000)</u>	<u>—</u>
Other differences	<u>7</u>	<u>479</u>
Tax on (loss)/profit on ordinary activities	<u>(2,520,000)</u>	<u>4,096,000</u>

HENRY DAVIES (HOLBORN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES *(continued)*

Factors that may affect future tax income

A reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) was substantively enacted on 18 November 2015. A further reduction in the UK corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 15 September 2016. This will reduce the Company's future tax charge accordingly.

8. INVESTMENTS

	Listed investments £
Fair value	
At 1 April 2015	114,208,016
Revaluations	(2,417,613)
At 31 March 2016	<u><u>111,790,403</u></u>
Impairment	
At 1 Apr 2015 and 31 Mar 2016	—
Carrying amount	
At 31 March 2016	<u><u>111,790,403</u></u>
At 31 March 2015	<u><u>114,208,016</u></u>

The fair value of the listed investments at the balance sheet date are determined using quoted prices.

Historical cost model

The historical cost of listed investments at 31 March 2016 is £1,978,408 (2015: £1,978,408).

9. DEBTORS

	2016 £	2015 £
Amounts owed by group undertakings	15,443,930	11,543,930
Prepayments and accrued income	381	3,061
	<u><u>15,444,311</u></u>	<u><u>11,546,991</u></u>

All debtors are payable within one year or are payable on demand. Intra-group loans are interest-free sterling loans repayable on demand.

10. CREDITORS: amounts falling due within one year

	2016 £	2015 £
Amounts owed to group undertakings	5,142,507	5,138,507
Accruals and deferred income	1,879	946
Other creditors	1,000	4,000
	<u><u>5,145,386</u></u>	<u><u>5,143,453</u></u>

Intra-group loans are interest-free sterling loans repayable on demand.

HENRY DAVIES (HOLBORN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

11. DEFERRED TAX

The deferred tax included in the balance sheet is as follows:

	2016 £	2015 £
Included in provisions (note 12)	<u>18,005,000</u>	<u>20,526,000</u>

12. PROVISIONS

	Deferred tax (note 11) £
At 1 April 2015	20,526,000
Movements in year	<u>(2,521,000)</u>
At 31 March 2016	<u>18,005,000</u>

13. CALLED UP SHARE CAPITAL

Issued, called up and fully paid

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

14. CAPITAL AND RESERVES

Called-up share capital represents the nominal value of shares that have been issued.

Other reserves include all prior retained profits arising from the disposal of the company's investment properties. These profits are not available for distribution as stipulated in the Articles of Association of the company.

Profit and loss account includes all current and prior period retained profits and losses.

15. CHARGES ON ASSETS AND GUARANTEES

The company has given an unlimited guarantee to the bankers of its ultimate parent undertaking, Highdorn Co. Limited, in respect of which the amount outstanding at 31 March 16 was £nil (2015: £nil).

16. DIRECTORS' INTERESTS IN CONTRACTS

The majority of the day-to-day management of the company's operations are carried out by Highdorn Co. Limited. Mr BSE Freshwater is a director of, but has no beneficial interest in the share capital of, Highdorn Co. Limited.

Dividends receivable from listed investments relate to Daejan Holdings Plc, a company in which Mr B S E Freshwater and Mr D Davis are directors and are also interested in its share capital.

17. PARENT COMPANY AND CONTROLLING PARTY

The Company is controlled by its immediate parent undertaking, Norman Sinclair (Properties) Limited, a company incorporated in England and Wales.

The parent undertaking of the largest and smallest group of undertakings for which group financial statements are drawn up is Highdorn Co. Limited, a company incorporated in England and Wales.

Highdorn Co. Limited is controlled by the Freshwater family and family interests.

HENRY DAVIES (HOLBORN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

18. TRANSITION TO FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1 April 2014.

Reconciliation of equity

	1 April 2014			31 March 2015		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Fixed assets	93,644,771	–	93,644,771	114,208,016	–	114,208,016
Current assets	13,889,249	–	13,889,249	15,492,899	–	15,492,899
Creditors: amounts falling due within one year	(5,138,520)	–	(5,138,520)	(5,143,453)	–	(5,143,453)
Net current assets	8,750,729	–	8,750,729	10,349,446	–	10,349,446
Total assets less current liabilities	102,395,500	–	102,395,500	124,557,462	–	124,557,462
Provisions	–	(16,434,000)	(16,434,000)	–	(20,526,000)	(20,526,000)
Net assets	102,395,500	(16,434,000)	85,961,500	124,557,462	(20,526,000)	104,031,462
Capital and reserves	102,395,500	(16,434,000)	85,961,500	124,557,462	(20,526,000)	104,031,462

Reconciliation of profit or loss for the year

	Year ended 31 March 2015		
	As previously stated £	Effect of transition £	FRS 102 (as restated) £
Turnover	1,585,954	–	1,585,954
Administrative expenses	(933)	–	(933)
Net valuation gains on listed investments	–	20,563,245	20,563,245
Operating profit	1,585,021	20,563,245	22,148,266
Interest receivable	17,696	–	17,696
Tax on profit on ordinary activities	(4,000)	(4,092,000)	(4,096,000)
Profit for the financial year	1,598,717	16,471,245	18,069,962

HENRY DAVIES (HOLBORN) LIMITED
NOTES TO THE FINANCIAL STATEMENTS *(continued)*
YEAR ENDED 31 MARCH 2016

18. TRANSITION TO FRS 102 *(continued)*

The following were changes in accounting policies arising from the transition to FRS102:

Listed investments:

Previously, the company's listed investments were shown at market value with changes in market value being recorded in the revaluation reserve. Under FRS 102, listed investments are held at fair value, with changes in fair value being recorded in the profit and loss account.

Deferred tax on unrealised listed investment gains and losses:

Previously, no deferred tax was recognised on the timing differences between the accounting and tax treatment of the revaluation of the company's listed investments. Under FRS 102, deferred tax is recognised on the difference between the cost for tax purposes and the fair value of the company's listed investments, with movements recorded in the profit and loss account.