

Hemnall Limited
REPORT AND FINANCIAL STATEMENTS

For the year ended

31 August 2016



Company Registration No. 07342913

Hemnall Limited

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Hemnall Limited

COMPANY INFORMATION

DIRECTOR

J A Clarke

COMPANY NUMBER

07342913

REGISTERED OFFICE

Sealand House
Hemnall Street
Epping
Essex
CM16 4LG

AUDITOR

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Hemnall Limited

DIRECTOR'S REPORT

The director submits his report and the financial statements of Hemnall Limited for the year ended 31 August 2016.

PRINCIPAL ACTIVITY

The principal activity of the company during the year is the provision of loan finance to related entities.

DIRECTOR

The following director has held office since incorporation:

J A Clarke

STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO THE AUDITOR

The director has confirmed that, as far as he is aware, there is no relevant audit information of which he is unaware. The director has confirmed that he has taken all the steps that he ought to have taken as director, in order to make himself aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the Board

J A Clarke
Director

Date: 30 May 2017

Hemnall Limited

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the director is required to:

- a. Select suitable accounting policies and then apply them consistently;
- b. Make judgements and accounting estimates that are reasonable and prudent;
- c. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEMNALL LIMITED

Opinion on financial statements

We have audited the financial statements on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

In our opinion, the financial statements:

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

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 <http://www.frc.org.uk/auditscopeukprivate>.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

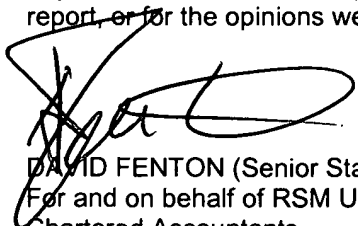
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the director's report.

Respective responsibilities of directors and auditor

As more fully explained in the Director's 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.

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.



DAVID FENTON (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

Date: ~~30 May~~ 2017



Hemnall Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 August 2016

	Notes	2016 £	2015 £
Turnover		5,980,671	6,472,772
Interest payable to related entity		(2,413,017)	(3,207,406)
Administrative expenses		(19,236)	(18,619)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>3,548,418</u>	<u>3,246,747</u>
Taxation	3	(726,969)	(679,038)
PROFIT FOR THE FINANCIAL YEAR	9	<u><u>2,821,449</u></u>	<u><u>2,567,709</u></u>

The profit for the year was derived from the company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented, as all such gains and losses are included in the Profit and Loss Account.

Hemnall Limited

BALANCE SHEET

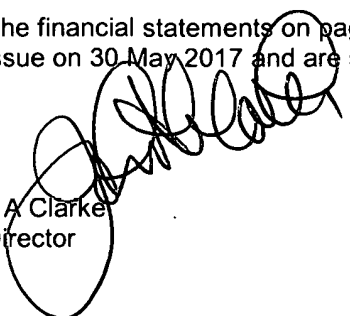
as at 31 August 2016

Company Registration No. 07342913

	Notes	2016 £	2015 £
FIXED ASSETS			
Investments	4	50	50
CURRENT ASSETS			
Debtors	5	40,489,632	39,044,523
Cash at bank and in hand		15,867	5,943
		<u>40,505,499</u>	<u>39,050,466</u>
CREDITORS: Amounts falling due within one year	6	(31,034,627)	(32,401,043)
NET CURRENT ASSETS		<u>9,470,872</u>	<u>6,649,423</u>
NET ASSETS		<u>9,470,922</u>	<u>6,649,473</u>
CAPITAL AND RESERVES			
Called up share capital	7	1	1
Profit and loss account	8	9,470,921	6,649,472
SHAREHOLDERS' FUNDS	9	<u>9,470,922</u>	<u>6,649,473</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements on pages 5 to 12 were approved by the board of directors and authorised for issue on 30 May 2017 and are signed on its behalf by:


J A Clarke
Director

Hemnall Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

TURNOVER

Turnover relates to the interest received from the provision of loan finance and the company's share of profits arising in its underlying investments.

GOING CONCERN

The financial statements have been prepared on the going concern basis. The director of Clarke International Limited (a company under common control) has confirmed that they will continue to provide financial support for the foreseeable future to enable the company to meet its obligations as they fall due and will not request payment of amounts owed until the company is in a position to do so.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

INVESTMENTS

Fixed asset investments are stated at cost less any diminution in value.

Hemnall Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

1 DIRECTORS AND EMPLOYEES

The company did not have any employees other than the director during the year. The director did not receive any remuneration for his services during the year.

2	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2016 £	2015 £
	Profit on ordinary activities is stated after charging:		
	Auditor's remuneration for;		
	- Statutory audit	5,000	4,900
		<u> </u>	<u> </u>

3	TAXATION	2016 £	2015 £
	Current tax:		
	UK corporation tax on profits of current year	726,969	679,038
	Tax charge on profit on ordinary activities	<u>726,969</u>	<u>679,038</u>

Factors affecting tax charge for the year:

The tax assessed for the year is higher than the effective rate of corporation tax in the UK of 20.00% (2015: 20.58%). The differences are explained below:

Profit on ordinary activities before tax	3,548,418	3,246,747
Profit on ordinary activities multiplied by average standard rate of corporation tax in the UK of 20.00% (2015: 20.58%).	<u>709,684</u>	<u>668,207</u>
Utilisation of tax losses and other deductions	(475)	488
Share of results of fixed asset investments recognised for tax purposes	17,760	10,343
Current tax charge for the year	<u>726,969</u>	<u>679,038</u>

Hemnall Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

4 FIXED ASSET INVESTMENTS

	Unlisted Investment £	Total £
Cost or valuation: At 31 August 2015 and 31 August 2016	50	50

The investment is in respect of 50% of the ordinary share capital of Mura Estates (London) Limited, a company incorporated in the United Kingdom. The financial information relating to the company's interest in the Mura Estates (London) Limited is as follows:

	2016 £	2015 £
Aggregate capital and reserves	(2,370)	(2,140)
Loss for the year:	(230)	(141)

The company has a 50% interest in the Mura Estates LLP group ('LLP'). The principal place of business of the LLP is Kirkdale House, London, E11 1HP. The consolidated financial information relating to the company's interest in the LLP is as follows:

	2016 £	2015 £
Turnover	32,980,601	21,029,747
Profit after tax	7,087,107	6,390,438
Fixed assets	49,988	796,749
Current assets	76,376,268	55,314,636
Liabilities due within one year	(25,454,150)	(7,215,672)

The company also has a 50% interest in the following entities at the year end, all of which are incorporated in the United Kingdom and whose results are consolidated into those of the Mura Estates LLP group.

Entity Name	Aggregate capital and reserves £	Profit/(loss) for the year £
52-54 White Post Lane LLP*	9,542,956	(138,801)
Mura Estates LLP	17,778,971	7,251,975
Stanstead Road LLP*	711,800	(16,880)
213-217 Bow Road LLP*	1,526,942	2,447,096
87-95 Curtain Road LLP*	(2,117,580)	228,205
64 – 70 Vyner Street LLP*	4,089,250	(151,118)
35 Monier Road LLP*	762	29,236
219-221 Bow Road LLP *	-	4,653,669
Cobb Street LLP*	10,022	356,602
Carnegie Street (Old) LLP*	-	11,696
52 Walnut Tree Walk LLP*	1,349,473	(115,395)
33 – 49 Deptford Bridge LLP*	3,427,391	(223,011)
27 – 31 Payne Road LLP*	1,582	687,683

Hemnall Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

4 FIXED ASSET INVESTMENTS (continued)

Entity Name	Aggregate capital and reserves	Profit/(loss) for the year
254 Kilburn High Road LLP*	7,242,446	(163,654)
Eton Wick Road LLP*	1,875,469	(346,344)
Dace Road LLP*	422,782	(15,908)
73 Great Eastern Street Limited*	(185,351)	(185,451)
300 Burlington Road LLP*	1,833,406	(77,621)
Blenheim Chobham Limited*	(2,516)	(2,616)
Hatcham Road Limited*	(29,707)	(29,807)
Medina Capital Investments (Albany House) Limited*	52,367	52,365
Monier Road Limited*	(234,367)	(234,467)
Rothwick LLP*	3,311,285	(148,215)
Sheep Lane (Old) LLP*	4,194	-
Trundleys Road Limited*	(5,098)	(5,198)

Hemnall Limited was also a member of certain entities whose developments completed in the year and these entities have now been liquidated. As these entities were not significant at the year-end they have been excluded from the list above.

*Indirect holding through Mura Estates LLP

5	DEBTORS	2016 £	2015 £
	Amounts due from associated entities	40,489,631	39,044,522
	Other debtors	1	1
		<u>40,489,632</u>	<u>39,044,523</u>
6	CREDITORS: Amounts falling due within one year	2016 £	2015 £
	Amounts due to related entity	30,629,436	31,693,648
	Amounts owed to associated company	50	50
	Corporation tax payable	376,969	679,038
	Accruals	28,172	28,307
		<u>31,034,627</u>	<u>32,401,043</u>
7	SHARE CAPITAL	2016 £	2015 £
	Allotted and issued 1 ordinary share of £1	1	1
		<u>1</u>	<u>1</u>

Hemnall Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2016

8	PROFIT AND LOSS ACCOUNT	2016 £	2015 £
	31 August 2015	6,649,472	4,081,763
	Profit for the financial year	2,821,449	2,567,709
	31 August 2016	<u>9,470,921</u>	<u>6,649,472</u>
9	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2016 £	2015 £
	Opening shareholders' funds	6,649,473	4,081,764
	Profit for the financial year	<u>2,821,449</u>	<u>2,567,709</u>
	Net increase in shareholders' funds	<u>2,821,449</u>	<u>2,567,709</u>
	Shareholders' funds at 31 August 2016	<u>9,470,922</u>	<u>6,649,473</u>

10 RELATED PARTY TRANSACTIONS

During the year ended 31 August 2016, Hemnall Limited made loans and advances totalling £1,246,043 (2015: £5,596,568) to Mura Estates LLP and a number of Limited Liability Partnerships in relation to property development. In addition to this, Hemnall Limited also received repayments of interest accrued to date of £2,698,272 (2015: £2,635,801). Interest accrues at a rate of 3 months LIBOR plus 7% on group amounts below £10m and 3 months LIBOR plus 9% from 1 September 2012 to 31 May 2014, base rate plus 8% from 1 June 2014 and base rate plus 7% from 1 June 2015 onwards on amounts in excess of £10m, by way of a priority share of any profit realised from property development activities to which advances relate. Should the property development activities not realise any profit, then interest will only accrue at the rate of 50% of base rate plus 3%. This amount is guaranteed by a third party. The total amount outstanding at 31 August 2016 was £44,685,072 (2015: £40,239,964). Interest accrued in the year amounted to £2,413,017 (2015: £3,207,406). Profits accrued in the year amounted to £3,484,321 (2015: £3,265,366).

During the year ended 31 August 2016, Hemnall Limited advanced funds of £Nil (2015: £Nil) to Mura Estates (London) Limited leaving a balance at 31 August 2016 of £4,559 (2015: £4,559). No interest accrues on this balance. Hemnall Limited holds 50% shares in Mura Estates (London) Limited.

During the year ended 31 August 2016 the company made loan repayments and advances resulting in a net repayment/(advance) of £1,452,229 (2015: £(2,960,767)) from Clarke International Limited, a company in which J.A. Clarke holds 77% of the share capital and is a director. Interest is due at 7% per annum above UK Sterling 3 months LIBOR on amounts below £10m and 3 months LIBOR plus 9% from 1 September 2012 to 31 May 2014 and base rate plus 8% from 1 June 2014 and base rate plus 7% from 1 June 2015 onwards on amounts in excess of £10m by way of a priority share of profit realised by Hemnall Limited from its loans to its joint venture property development Limited Liability Partnerships. The amount outstanding at 31 August 2016 was £30,629,436 (2015: £31,623,649). Interest accrued in the year amounted to £2,413,017 (2015: £3,207,406).

11 CONTROLLING PARTY

The company is controlled by the director, J A Clarke.

Hemnall Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2016

12 OTHER FINANCIAL COMMITMENTS

The company was committed to further advances to fund contracts to develop properties totalling £15,766,989 (2015: £7,280,179) in entities in which it has an interest.