

Hemnall Limited
REPORT AND FINANCIAL STATEMENTS

For the year ended

31 August 2017

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COMPANIES HOUSE

Company Registration No. 07342913

Hemnall Limited

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Hemnall Limited

COMPANY INFORMATION

DIRECTORS

J A Clarke

COMPANY NUMBER

07342913

REGISTERED OFFICE

Hemnall Street
Epping
Essex
CM16 4LG

AUDITOR

RSM UK Audit LLP
25 Farringdon Street
London
EC4A 4AB

Hemnall Limited

DIRECTOR'S REPORT

The directors submit their report and the financial statements of Hemnall Limited for the year ended 31 August 2017.

PRINCIPAL ACTIVITY

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

DIRECTORS

The following directors have held office during the year:

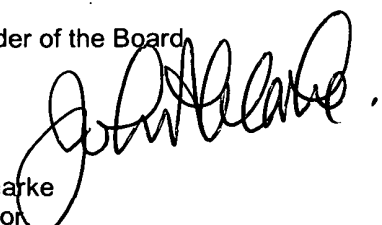
J A Clarke

STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which they are unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors, in order to make themselves 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: 29/5/18

Hemnall Limited

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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 of the profit or loss of the company for that period.

In preparing those financial statements, the directors are 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEMNALL LIMITED

Opinion

We have audited the financial statements of Hemnall Limited (the 'company') for the year ended 31 August 2017 which comprise the statement of comprehensive income; balance sheet; statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 August 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HEMNALL LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 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 directors' report.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

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: 30/5/2018

Hemnall Limited

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2017

	Notes	2017 £	2016 £
Turnover		5,541,354	5,980,671
Interest payable to related entity		(1,172,397)	(2,413,017)
Administrative expenses		<u>(11,048)</u>	<u>(19,236)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	4,357,909	3,548,418
Taxation	3	<u>(891,739)</u>	<u>(726,969)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>3,466,170</u></u>	<u><u>2,821,449</u></u>

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

Hemnall Limited

BALANCE SHEET

As at 31 August 2017

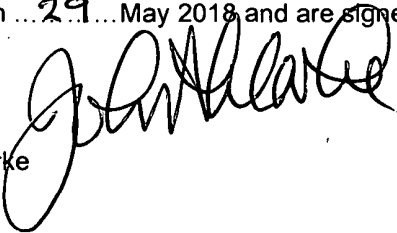
Company Registration No: 07342913

	Notes	2017 £	2016 £
FIXED ASSETS			
Investments	4	50	50
CURRENT ASSETS			
Debtors	5	47,232,714	40,489,632
Cash at bank and in hand		3,293	15,867
		<u>47,236,007</u>	<u>40,505,499</u>
CREDITORS: Amounts falling due within one year	6	<u>(34,298,965)</u>	<u>(31,034,627)</u>
NET CURRENT ASSETS		<u>12,937,042</u>	<u>9,470,872</u>
NET ASSETS		<u>12,937,092</u>	<u>9,470,922</u>
CAPITAL AND RESERVES			
Called up share capital	7	1	1
Profit and loss account		<u>12,937,091</u>	<u>9,470,921</u>
SHAREHOLDERS' FUNDS		<u>12,937,092</u>	<u>9,470,922</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 6 to 15 were approved by the board of directors and authorised for issue on 29 May 2018 and are signed on its behalf by:

J A Clarke
Director



Hemnall Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 August 2017

	Share capital	Profit & Loss account	Total
	£	£	£
BALANCE AT 1 SEPTEMBER 2015	1	6,649,472	6,649,473
Total comprehensive income for the year	-	2,821,449	2,821,449
AT 31 AUGUST 2016	<u>1</u>	<u>9,470,921</u>	<u>9,470,922</u>
Total comprehensive income for the year	-	3,466,170	3,466,170
AT 31 AUGUST 2017	<u>1</u>	<u>12,937,091</u>	<u>12,937,092</u>

Hemnall Limited

ACCOUNTING POLICIES

COMPANY INFORMATION AND PRINCIPAL ACTIVITY

The company is limited by shares. It is incorporated in England & Wales with its principal place of business at Hemnall Street, Epping, Essex, CM16 4LG. The principal activity of the company during the period is the provision of loan finance to related entities.

BASIS OF ACCOUNTING

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 company has adopted early the provisions of the Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015. 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 on the historical cost convention. The principal accounting policies adopted are set out below.

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.

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The directors do not consider that there are any significant areas of judgement or estimation made in the preparation of these financial statements.

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.

INVESTMENTS

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

TAXATION

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Hemnall Limited

ACCOUNTING POLICIES

Deferred tax is recognised on income or expenses from subsidiaries, associates, branches and interests in jointly controlled entities, that will be assessed to or allow for tax in a future period except where the Company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination and the amounts that can be deducted or assessed for tax. The deferred tax recognised is adjusted against goodwill.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group and other debtors

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments 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.

Equity instruments

Financial instruments classified as equity instruments are recorded at the fair value of the cash or other resources received or receivable, net of direct costs of issuing the equity instruments.

Trade, group and other creditors

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Hemnall Limited

ACCOUNTING POLICIES

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Reserves

The profit and loss account represents the cumulative profit and loss, net of distribution to owners.

Hemnall Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

1 DIRECTORS AND EMPLOYEES

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

2	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2017 £	2016 £
	Profit on ordinary activities is stated after charging:		
	Auditor's remuneration for:		
	- Statutory audit	5,500	5,000

3	TAXATION	2017 £	2016 £
	Current tax:		
	UK corporation tax on profits of current year	891,739	726,969
	Tax on profit on ordinary activities	891,739	726,969

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 19.00%. The differences are explained below:

Profit on ordinary activities before tax	4,357,909	3,548,418
Profit on ordinary activities multiplied by average standard rate of corporation tax in the UK of 19.58% (2016: 20.00%)	853,314	709,684
Utilisation of tax losses and other deductions	(1)	(475)
Share of results of fixed asset investments recognised for tax purposes	38,426	17,760
Current tax charge for the year	891,739	726,969

4 FIXED ASSET INVESTMENTS

	Unlisted Investment £	Total £
Cost or valuation:		
At 31 August 2016 and 31 August 2017	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:

Hemnall Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

4 FIXED ASSET INVESTMENTS (continued)

	2017 £	2016 £
Aggregate capital and reserves	(2,652)	(2,370)
Loss for the year:	(282)	(230)

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:

	2017 £	2016 £
Turnover	45,425,726	32,980,601
Profit after tax	8,567,618	7,087,107
Fixed assets	71,297	49,988
Current assets	80,985,722	76,376,268
Liabilities due within one year	(4,849,546)	(25,454,150)

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*	12,036,996	(524,531)
Mura Estates LLP	26,462,910	136,422
Stanstead Road LLP*	8,349	930,780
213-217 Bow Road LLP*	306,516	341,582
87-95 Curtain Road LLP*	(3,130,663)	778,903
64 – 70 Vyner Street LLP*	1,233,131	1,417,950
136 Honeypot Lane LLP*	4,083,592	(188,007)
313-349 Ilderton Road LLP *	309,935	(9,990)
134-140 Ilderton Road LLP*	2,945,019	(59,253)
Bayford Street LLP*	1,293,195	(25,892)
52 Walnut Tree Walk LLP*	1,857,920	(69,676)
33 – 49 Deptford Bridge LLP*	121,960	1,221,236
Ballards Lane LLP*	6,558,474	(104,179)
254 Kilburn High Road LLP*	89,661	4,942,706
Eton Wick Road LLP*	2,194,186	521,214
Dace Road LLP*	4,091,147	(109,199)

Hemnall Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

4 FIXED ASSET INVESTMENTS (continued)

Entity Name	Aggregate capital and reserves	Profit/(loss) for the year
Earlham Grove Limited*	(319,081)	(319,181)
300 Burlington Road LLP*	1,822,596	(138,106)
Blenheim Chobham Limited*	(84,205)	(81,689)
Hatcham Road Limited*	(57,445)	(27,738)
Medina Capital Investments (Albany House) Limited*	114,510	62,143
Rothwick LLP*	3,803,016	(184,046)
Trundleys Road Limited*	(8,357)	(3,259)

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	2017 £	2016 £
Amounts due from associated entities	47,232,714	40,489,631
Other debtors	-	1
	<u>47,232,714</u>	<u>40,489,632</u>

6 CREDITORS: Amounts falling due within one year	2017 £	2016 £
Amounts due to related entity	33,731,821	30,629,436
Amounts owed to associated company	50	50
Corporation tax payable	556,504	376,969
Accruals	10,590	28,172
	<u>34,298,965</u>	<u>31,034,627</u>

7 SHARE CAPITAL	2017 £	2016 £
Allotted, issued and fully paid: 1 ordinary share of £1	<u>1</u>	<u>1</u>

Hemnall Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2017

8 RELATED PARTY TRANSACTIONS

During the year ended 31 August 2017, Hemnall Limited made loans and advances totalling £2,812,272 (2016: £1,246,043) to Mura Estates LLP and a number of Limited Companies in relation to property development. In addition to this, Hemnall Limited also received repayments of interest accrued to date of £1,510,544 (2016: £2,698,272). Interest accrues at a rate of base rate plus 7%, 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 2017 was £51,260,447 (2016: £44,685,072). Interest accrued in the year amounted to £1,172,397 (2016: £2,413,017). Profits accrued in the year amounted to £4,096,690 (2016: £3,484,321).

The balance due to Hemnall Limited from Mura Estates (London) Limited at 31 August 2017 is £4,559 (2016: £4,559). No interest accrues on this balance. Hemnall Limited holds 50% of the shares in Mura Estates (London) Limited.

During the year ended 31 August 2017 the company made loan repayments and received advances resulting in a net advance of £1,929,989 (2016: repayment of £1,452,229) 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 base rate plus 7% by way of a priority share of profit realised by Hemnall Limited from its loans to its joint venture property development companies. The amount outstanding at 31 August 2017 was £33,731,822 (2016: £30,629,436). Interest accrued in the year amounted to £1,172,397 (2016: £2,413,017).

9 CONTROLLING PARTY

The company is controlled by one of the directors, J A Clarke by virtue of his shareholding.

10 OTHER FINANCIAL COMMITMENTS

During the year two new charges were registered with HSBC Bank Plc and Lloyds Bank Plc against 87-95 Curtain Road LLP and 64-70 Vyner Street LLP respectively. These charges contain both fixed and floating charges covering all the property or undertaking of the company.

Since year end the charge registered with Lloyds Bank Plc against 64-70 Vyner Street has been satisfied in full.

The company was committed to further advances to fund contracts to develop properties totalling £22,868,988 (2016: £15,766,989) in entities in which it has an interest.