

# Hemnall Limited

## REPORT AND FINANCIAL STATEMENTS

For the year ended

31 August 2013



Company Registration No. 07342913

# Hemnall Limited

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# Hemnall Limited

## COMPANY INFORMATION

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### DIRECTOR

J A Clarke

### COMPANY NUMBER

07342913

### REGISTERED OFFICE

Sealand House  
Hemnall Street  
Epping  
Essex  
CM16 4LG

### AUDITOR

Baker Tilly UK Audit LLP  
25 Farringdon Street  
London  
EC4A 4AB

# Hemnall Limited

## DIRECTOR'S REPORT

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The director submits his report and the financial statements of Hemnall Limited for the year ended 31 August 2013.

### PRINCIPAL ACTIVITY

The principal activity of the company during the year is the provision of loan finance to associated 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

28 August 2014

# Hemnall Limited

## STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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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

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We have audited the financial statements on pages 5 to 11. 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).

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 more fully explained in the Directors' Responsibilities Statement set out on page 3, the director is 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 <http://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 31 August 2013 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.

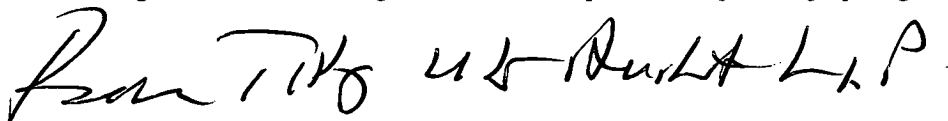
### **Opinion on other matter prescribed by the Companies Act 2006**

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.

### **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 director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report.



DAVID FENTON (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

Date: 28 August 2014

# Hemnall Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 August 2013

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	<i>Notes</i>	2013 £	2012 £
Turnover		3,753,474	1,508,640
Interest payable to related entity		(2,204,195)	(1,198,229)
Administrative expenses		(12,538)	(15,130)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	1,536,741	295,281
Taxation	3	(358,893)	(141,736)
PROFIT FOR THE FINANCIAL YEAR	9	1,177,848	153,545

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 2013

Company Registration No. 07342913

	Notes	2013 £	2012 £
FIXED ASSETS			
Investments	4	50	50
CURRENT ASSETS			
Debtors	5	32,218,860	27,274,769
Cash at bank and in hand		4,313	-
		<u>32,223,173</u>	<u>27,274,769</u>
CREDITORS: Amounts falling due within one year	6	(30,664,274)	(26,893,718)
NET CURRENT ASSETS		<u>1,558,899</u>	<u>381,051</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,558,949</u>	<u>381,101</u>
NET ASSETS		<u>1,558,949</u>	<u>381,101</u>
CAPITAL AND RESERVES			
Called up share capital	7	1	1
Profit and loss account	8	1,558,948	381,100
SHAREHOLDERS' FUNDS	9	<u>1,558,949</u>	<u>381,101</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 11 were approved by the board of directors and authorised for issue on 28 August 2014 and are signed on its behalf by:

  
J A Clarke  
Director



# Hemnall Limited

## ACCOUNTING POLICIES

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### 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 2013

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### 1 DIRECTORS AND EMPLOYEES

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

2	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2013 £	2012 £
	Profit on ordinary activities is stated after charging: Auditor's remuneration for; - Statutory audit	4,800	3,800
		<hr/>	<hr/>
3	TAXATION	2013 £	2012 £
	Current tax: UK corporation tax on profits of current year	254,355	246,274
	Total current tax	<hr/> 254,355	<hr/> 246,274
	Deferred tax: Origination and reversal of timing differences	90,903	(166,456)
	Adjustments in respect of prior periods	-	61,918
	Effect of tax rate charge	13,635	-
		<hr/> 104,538	<hr/> (104,538)
	Tax on profit on ordinary activities	<hr/> 358,893	<hr/> 141,736

Factors affecting tax charge for the year:

The tax assessed for the year is higher than the average standards rate of corporation tax in the UK of 23% (2012: 24%). The differences are explained below:

Profit on ordinary activities before tax	1,536,741	295,281
Profit on ordinary activities multiplied by average standard rate of corporation tax in the UK of 23.58% (2012: 25.16%).	<hr/> 362,376	<hr/> 74,304
Expenses not deductible for tax purposes	177	239
Utilisation of tax losses and other deductions	(43)	(21,822)
Share of results of fixed asset investments recognized for tax purposes	(108,155)	193,553
Current tax charge for the year	<hr/> 254,355	<hr/> 246,274

# Hemnall Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2013

### 4 FIXED ASSET INVESTMENTS

	Unlisted Investment £	Total £
Cost or valuation:		
At 31 August 2013	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:

	2013 £	2012 £
Aggregate capital and reserves	(1,071)	(305)
Loss for the year:	(766)	(306)

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:

	2013 £	2012 £
Turnover	22,033,031	15,491,351
Profit after tax	2,366,829	1,250,133
Fixed assets	453,250	2,000,000
Current assets	40,522,304	33,424,486
Liabilities due within one year	(36,792,492)	(34,061,503)

The company also has a 50% interest in the following entities at the year end, all of which are incorporated in the United Kingdom:

Entity Name	Aggregate capital and reserves £	Profit/(loss) for the year £
10 Scriven Street LLP*	-	71,518
29 Eagle Wharf Road LLP*	-	-
101 - 109 Fairfield Road LLP*	-	2,532,914
R/O Old Park Road LLP*	-	78,858
2 - 6 Cropley Street LLP*	-	(136,274)
71-75 Chevening Road LLP*	-	60,196
55 Dalston Lane LLP*	-	(138,278)
Mura Freeholds Limited*	12,853	10,803
Mura Estates LLP	-	34,370
63 Christchurch Avenue LLP*	-	284,832
11-15 Colonnade LLP*	-	1,087,707
1 Shorrolds Road LLP*	-	(127,567)
24-28 Warner Street LLP*	-	(353,549)
90 Whiston Road LLP*	-	(84,566)
213-217 Bow Road LLP*	-	(3,157)
87-95 Curtain Road LLP*	-	(674,435)
Cobb Street LLP*	-	(7,878)
Carnegie Street LLP*	-	-

# Hemnall Limited

## NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 August 2013

	52 Walnut Tree Walk LLP*	-	8,942
	33 – 49 Deptford Bridge LLP*	-	-
	27 – 31 Payne Road LLP*	-	-
	254 Kilburn High Road LLP*	-	-
	11/13 Benwell Road LLP*	-	-
	64 – 70 Vyner Street LLP*	-	-
	*Indirect holding through Mura Estates LLP		
5	DEBTORS	2013 £	2012 £
	Amounts due from associated entities	32,218,859	27,170,230
	Other debtors	1	1
	Deferred tax asset (see note 10)	-	104,538
		<u>32,218,860</u>	<u>27,274,769</u>
6	CREDITORS: Amounts falling due within one year	2013 £	2012 £
	Amounts due to related entity	30,390,564	26,631,214
	Amounts owed to associated company	50	50
	Corporation tax payable	254,355	246,274
	Accruals	19,305	16,180
		<u>30,664,274</u>	<u>26,893,718</u>
7	SHARE CAPITAL	2013 £	2012 £
	Allotted, issued and unpaid: 1 ordinary share of £1	1	1
8	PROFIT AND LOSS ACCOUNT	2013 £	2012 £
	31 August 2012	381,100	227,555
	Profit for the financial year	1,177,848	153,545
	31 August 2013	<u>1,558,948</u>	<u>381,100</u>
9	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2013 £	2012 £
	Opening shareholders' funds	381,101	227,556
	Profit for the financial year	1,177,848	153,545
	Net increase in shareholders' funds	1,177,848	153,545
	Shareholders' funds at 31 August 2013	<u>1,558,949</u>	<u>381,101</u>

# Hemnall Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 August 2013

10	DEFERRED TAX	2013 £	2012 £
	Balance at 1 September 2012	104,538	-
	Transfer to profit and loss account	(104,538)	104,538
	Balance at 31 August 2013	-	104,538
	The deferred tax asset is made up as follows:		
	Income from fixed asset investments taxed but not yet recognised	-	104,538

## 11 RELATED PARTY TRANSACTIONS

During the year ended 31 August 2013, Hemnall Limited advanced funds totalling £2,641,933 (2012: £11,892,376) to Mura Estates LLP and a number of Limited Liability Partnerships for property development purposes. These entities are majority owned by Mura Estates LLP of which Hemnall Limited is a designated member. 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 2013 and base rate plus 8% from 1 June 2013 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 3 months LIBOR plus 3%. This amount is guaranteed by third parties. The total amount outstanding at 31 August 2013 was £32,218,390 (2012: £27,169,248). Interest accrued in the year amounted to £1,665,179 (2012: £1,508,640). Profits accrued in the year amounted to £2,088,296 (2012: £Nil).

During the year ended 31 August 2013, Hemnall Limited received funds of £517 (2012: advanced £330) from Mura Freeholds Limited leaving a balance at 31 August 2013 of £Nil (2012: £517). No interest accrues on this balance. Hemnall Limited is a designated member of Mura Estates LLP, which wholly owns Mura Freeholds Limited.

During the year ended 31 August 2013, Hemnall Limited advanced funds of £4 (2012: £317) to Mura Estates (London) Limited leaving a balance at 31 August 2013 of £470 (2012: £466). No interest accrues on this balance. Hemnall Limited holds 50% shares in Mura Estates (London) Limited.

During the year ended 31 August 2013 the company received loans and advances totalling £2,641,420 (2012: £11,892,576) 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 2013 and base rate plus 8% from 1 June 2013 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 2013 was £30,390,564 (2012: £26,631,214). Interest accrued in the year amounted to £2,204,196 (2012: £1,198,229).

## 12 CONTROLLING PARTY

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

## 13 OTHER FINANCIAL COMMITMENTS

The company was committed to further advances to fund contracts to develop properties totalling £13,897,231 (2012: £9,155,203) in entities in which it has an interest.