

COMPANY REGISTRATION NUMBER 04217612

Grainger (Clapham) Limited
Financial statements
30 September 2015

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Grainger (Clapham) Limited

Financial statements

Year ended 30 September 2015

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Grainger (Clapham) Limited

Officers and professional advisers

The board of directors

Nick P On
Nicholas M F Jopling
Helen C Gordon
Vanessa K Simms

Company secretary

Adam McGhin

Registered office

Citygate
St James' Boulevard
Newcastle Upon Tyne
NE1 4JE

Auditor

KPMG LLP
Quayside House
110 Quayside
Newcastle Upon Tyne
NE1 3DX

Bankers

HSBC
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Solicitors

Bond Dickinson LLP
St Ann's Wharf
112 Quayside
Newcastle Upon Tyne
NE1 3DX

Grainger (Clapham) Limited

Strategic report

Year ended 30 September 2015

The directors present their strategic report for the year ended 30 September 2015.

Principal activity

The principal activity of the company during the year was property development and trading.

Strategy and business model

Grainger is a specialist residential company. Our objective is to be the leading institutional residential investment vehicle, delivering sustainable long-term returns to our investors and our partners. Our strategy is to maximise the returns from our reversionary portfolio while we grow our private rented sector (PRS) business.

Our key areas of focus are to grow our rents, to simplify and focus our business, and to build on our heritage. We will continue to increase and accelerate investment into existing and newly built rental homes, re-allocate resources to deliver new PRS stock, and improve access and conversion of PRS opportunities. We will simplify and focus our business by concentrating on two core assets (PRS and regulated tenancies); exiting non-core businesses and assets; improving operational efficiency through reducing overheads and transitioning to a simpler, streamlined structure; prioritising direct investment; and further reducing our cost of financing. We will build on our heritage by retaining our high quality, regulated tenancy portfolio, which delivers excellent total returns and cash to support our growth in PRS. We will continue to maximise the opportunities and competitive advantage that our market leading residential platform provides.

Review of the business

The company is a subsidiary of Grainger plc. The directors of Grainger plc, the ultimate parent undertaking, manage the group's strategy and risks at a group level, rather than at an individual company level. Similarly the financial and operational performance of the business is assessed at a business unit level. The directors of the company are satisfied with the results for the year ended 30 September 2015.

The company's directors believe that analysis using financial and non-financial measures is not necessary or appropriate to understand the business' development, performance or position.

Principal Risks and Uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. The principal risks and uncertainties of the group, which are specific to the company, include: a deterioration and/or instability of wider global/European economic markets leading to long-term flat or negative growth in the value of assets; a lack of availability of finance for the group to achieve its strategic objectives; a failure to meet current or increased legal or regulatory obligations; a failure to attract, retain and develop our people; a significant failure within or by a key third-party supplier or contractor; a significant Health and Safety incident; a failure of the supporting control environment; a failure to implement PRS strategy due to failure to acquire assets on acceptable terms and/or failure to integrate PRS assets efficiently in the management platform.

Future developments

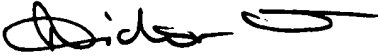
The directors expect the performance of the company to continue satisfactorily for the foreseeable future.

Grainger (Clapham) Limited

Strategic report *(continued)*

Year ended 30 September 2015

By Order of the Board



Nick P On
Director
18 March 2016

Signed by order of the directors



Adam McGhin
Company Secretary

Approved by the directors on 18 March 2016

Grainger (Clapham) Limited

Directors' report

Year ended 30 September 2015

The directors present their report and the financial statements of the company for the year ended 30 September 2015.

Results and dividends

The profit for the year, after taxation, amounted to £8,550,655. The directors do not recommend the payment of a dividend (2014: £nil).

Directors

The directors who served the company during the year, and changes since the year end, were as follows:

Andrew R Cunningham
Nick P On
Nicholas M F Jopling
Mark Greenwood

Helen C Gordon was appointed as a director on 31 December 2015.
Vanessa K Simms was appointed as a director on 11 February 2016.
Andrew R Cunningham resigned as a director on 31 December 2015.
Mark Greenwood resigned as a director on 22 December 2015.

Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

Grainger (Clapham) Limited

Directors' report *(continued)*

Year ended 30 September 2015

Auditor

KPMG LLP were appointed as auditor during the year, and are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

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

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- each director has 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.

By order of the board



Adam McGhin
Company Secretary

Approved by the directors on 18 March 2016

Independent auditor's report to the members of Grainger (Clapham) Limited

We have audited the financial statements of Grainger (Clapham) Limited for the year ended 30 September 2015 set out on pages 8 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 explained more fully in the Directors' Responsibilities Statement, set out on page 4, 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

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 September 2015 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

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

**Independent auditor's report to the members of
Grainger (Clapham) Limited (continued)**

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.



Nick Plumb (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle Upon Tyne
NE1 3DX

22 March 2016

Grainger (Clapham) Limited

Profit and loss account

Year ended 30 September 2015

	Note	2015 £	2014 £
Turnover	2	28,598,288	29,731,845
Cost of sales		(18,763,545)	(18,392,046)
Gross profit		9,834,743	11,339,799
Administrative expenses		(146)	(2,601,842)
Operating profit	3	9,834,597	8,737,957
Interest receivable	5	917,344	29,484
Interest payable and similar charges	6	-	(1,270,020)
Profit on ordinary activities before taxation		10,751,941	7,497,421
Tax on profit on ordinary activities	7	(2,201,286)	(1,646,251)
Profit for the financial year	13	8,550,655	5,851,170

All of the activities of the company are classed as continuing.

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £8,550,655 attributable to the shareholders for the year ended 30 September 2015 (2014 - profit of £5,851,170).

The notes on pages 10 to 13 form part of these financial statements.

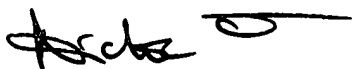
Grainger (Clapham) Limited

Balance sheet

30 September 2015

	Note	2015 £	2014 £
Current assets			
Stocks	8	9,792,999	22,583,250
Debtors	9	29,223,529	1,430,728
Cash at bank		156,563	4,644,588
		<u>39,173,091</u>	<u>28,658,566</u>
Creditors: Amounts falling due within one year	10	<u>(4,976,646)</u>	<u>(3,012,776)</u>
Net current assets		<u>34,196,445</u>	<u>25,645,790</u>
Total assets less current liabilities		<u>34,196,445</u>	<u>25,645,790</u>
Capital and reserves			
Called-up equity share capital	12	21,600,001	21,600,001
Profit and loss account	13	12,596,444	4,045,789
Shareholders' funds	14	<u>34,196,445</u>	<u>25,645,790</u>

These accounts were approved by the directors and authorised for issue on 18 March 2016, and are signed on their behalf by:



Nick P On
Director

Company Registration Number: 04217612

The notes on pages 10 to 13 form part of these financial statements.

Grainger (Clapham) Limited

Notes to the financial statements

Year ended 30 September 2015

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared on the going concern basis in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom, which have been applied consistently throughout the year.

Cash flow statement

The company is a wholly owned subsidiary of Grainger plc and the cash flows of the company are included in the consolidated cash flow statement of Grainger plc. Consequently, the company is exempt under the terms of FRS 1 from preparing a cash flow statement.

Turnover

Turnover comprises gross rentals, gross sale proceeds of trading properties and land, and sundry other income, exclusive of VAT. Sales of properties are only accounted for when the cash proceeds are received in full or the company has entered into a legally binding contract. Gross rentals are recognised on a straight line basis over the lease term on an accruals basis. Sundry other income is recognised when it becomes receivable.

Stocks

Development properties and development land are shown in the financial statements at the lower of cost and net realisable value. Cost includes legal and surveying charges incurred during the acquisition plus improvement costs. Net realisable value is calculated based on whether the land or property is to be sold in its current condition or whether it will be subject to further development. Where the land or property is to be further developed, net realisable value is based on the future expected value. Where the land or property is to be sold in its current condition, net realisable value is based on current market value.

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2015	2014
	£	£
United Kingdom	<u>28,598,288</u>	<u>29,731,845</u>

Grainger (Clapham) Limited

Notes to the financial statements

Year ended 30 September 2015

3. Operating profit

Operating profit is stated after charging:

	2015 £	2014 £
Auditor's remuneration		
- audit of these financial statements	—	—
	<u>—</u>	<u>—</u>

Audit fees are statutory audit fees only and are borne by another Group company.

4. Particulars of employees

There are no persons holding service contracts with the company. None of the directors received any remuneration from the company during the year, or the previous year, in respect of their services to the company.

5. Interest receivable

	2015 £	2014 £
Bank interest receivable	752	1,521
Interest from group undertakings	916,592	27,963
	<u>917,344</u>	<u>29,484</u>

6. Interest payable and similar charges

	2015 £	2014 £
Interest payable on bank borrowing	—	1,270,020
	<u>—</u>	<u>1,270,020</u>

7. Taxation on ordinary activities

(a) Analysis of charge in the year

	2015 £	2014 £
Current tax:		
UK Corporation tax based on the results for the year at 20.50% (2014 - 22%)	2,201,286	1,646,251
Total current tax	<u>2,201,286</u>	<u>1,646,251</u>

Grainger (Clapham) Limited

Notes to the financial statements

Year ended 30 September 2015

7. Taxation on ordinary activities *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than (2014: lower than) the standard rate of corporation tax in the UK of 20.50% (2014 - 22%).

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>10,751,941</u>	<u>7,497,421</u>
Profit on ordinary activities by rate of tax	2,204,148	1,649,433
Contaminated land relief	<u>(2,862)</u>	<u>(3,182)</u>
Total current tax (note 7(a))	<u>2,201,286</u>	<u>1,646,251</u>

(c) Factors that may affect future tax charges

No provisions have been made for tax that would become payable if the company's properties were sold at their year end replacement values. The total unprovided deferred tax in respect of this is £460,749 (2014: £2,914,024).

There are no other factors that are expected to significantly affect the taxation charge in future years.

8. Stocks

	2015 £	2014 £
Development property	<u>9,792,999</u>	<u>22,583,250</u>

The replacement value of stock is £12,100,000 (2014: £36,798,000) based on market value at 30 September 2015.

The directors have reviewed the expected net sales valuations of the development. They have concluded that the net realisable value is more than the book cost of the properties and therefore no provision against the carrying value of stock is required.

9. Debtors

	2015 £	2014 £
Trade debtors	2,899	1,430,728
Amounts owed by group undertakings	29,174,973	-
VAT recoverable	45,657	-
	<u>29,223,529</u>	<u>1,430,728</u>

Grainger (Clapham) Limited

Notes to the financial statements

Year ended 30 September 2015

10. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Trade creditors	72,174	-
Amounts owed to group undertakings	3,413,614	414,804
VAT	-	128,722
Accruals and deferred income	1,490,858	2,469,250
	<u>4,976,646</u>	<u>3,012,776</u>

The amounts owed to group undertakings are unsecured, repayable on demand, and do not bear interest.

11. Related party transactions

The company has taken advantage of the exemption available under FRS 8 and has not disclosed transactions with companies that are wholly owned members of the Grainger plc group.

12. Share capital

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>21,600,001</u>	<u>21,600,001</u>	<u>21,600,001</u>	<u>21,600,001</u>

13. Profit and loss account

	2015	2014
	£	£
Balance brought forward	4,045,789	(1,805,381)
Profit for the financial year	8,550,655	5,851,170
Balance carried forward	<u>12,596,444</u>	<u>4,045,789</u>

14. Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Profit for the financial year	8,550,655	5,851,170
Opening shareholders' funds	25,645,790	19,794,620
Closing shareholders' funds	<u>34,196,445</u>	<u>25,645,790</u>

15. Ultimate parent undertaking and controlling party

The directors regard Grainger plc, a company registered in England and Wales, as the ultimate parent undertaking and the ultimate controlling party, being the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Grainger plc consolidated financial statements may be obtained from The Secretary, Grainger plc, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE.

GIP Limited is the immediate controlling party and parent company by virtue of its 100% shareholding in the company.