Beeson Property Investments Limited

Directors' Report and financial statements

Registered number 06392895

For the year ended 31 December 2016

Contents

Directors and Officers

Directors

RM King (Chairman)
HM King
WM King
CM King

Company Secretary

HM King

Registered Office

Stoke Park
Park Road
Stoke Poges
Buckinghamshire
SL2 4PG

Auditor

KPMG LLP
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE

Strategic Report

The directors present their strategic report on the Company for the year ended 31 December 2016.

Review of the business

The Company is a wholly-owned subsidiary of International Group Limited and operates as part of International Group Limited's property division.

The Company's principal activities are property trading and development in the UK, The Directors are not, at the date of this report, aware of any likely major changes in the Company's activities, other than those identified in Note 14 subsequent events, in the forthcoming year.

Results and performance

As shown in the Company's profit and loss account on page 7, the Company reported a loss of £1,734,000 (*2015: profit of £14,000*) for the year.

The balance sheet on page 8 of the financial statements shows the Company's financial position at the year-end.

Key performance indicators

International Group Limited manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators (other than loss / profit after tax stated above) for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the property division of International Group Limited, which includes the Company, is discussed in International Group Limited's Annual Report which does not form part of this Report.

Principal risks and uncertainties

Property price volatility and restricted credit facilities in the market from banks for property development would restrict the Company's business. To manage these risks, the Company ensures that it operates in areas that are less exposed to these risks than the general property market.

Future developments

The Company is seeking new property development opportunities.

By order of the board

H.M.K

HM King
Director

Stoke Park
Park Road
Stoke Poges
Buckinghamshire
SL2 4PG

23rd February 2018

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Proposed dividend

The directors do not recommend the payment of a dividend *(2015: £nil)*.

Directors

The directors who held office during the year were as follows:

RM King (Chairman)
HM King
WM King
CM King

Charitable contributions

The Company made no charitable contributions during the year *(2015: £nil)*.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, KPMG LLP will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

H.M.K

HM King
Director

Stoke Park
Park Road
Stoke Poges
Buckinghamshire
SL2 4PG

23rd February 2018

Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 these financial statements, the directors are required to:

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

KPMG LLP
58 Clarendon Road
Watford
Hertfordshire
WD17 1DE
United Kingdom

Independent auditor's report to the members of Beeson Property Investments Limited

We have audited the financial statements of Beeson Property Investments Limited for the year ended 31 December 2016 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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 31 December 2016 and of its loss 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.

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The Company incurred a net loss of £1,734,000 during the year ended 31 December 2016 and at that date the Company's current liabilities exceeded its current assets by £4,018,000. The Company is reliant on the provision of working capital support by its parent company.

Independent auditor's report to the members of Beeson Property Investments Limited *(continued)*

Emphasis of matter – Going Concern (continued)

Given the impending cashflow requirements and outstanding liabilities, the parent company support may not be sufficient which would affect the ability of the Company to repay its obligations. These conditions along with the other matters explained in note 1 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

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

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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.

David Burridge

23/2/18

David Burridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

58 Clarendon Road
Watford
Hertfordshire
WD17 1DE
United Kingdom

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2016

	Note	**2016**	2015
		£000	£000
Turnover		-	-
Cost of sales		-	14
Gross profit		-	14
Administrative expenses		**(10)**	-
Write-down of investment in a joint venture		**(1,724)**	-
Operating (loss)/profit and (loss)/profit before taxation	*2*	**(1,734)**	14
Taxation	*5*	-	-
(Loss)/profit for the financial year		**(1,734)**	14

The results for the current and preceding year were derived from continuing operations.

There are no gains or losses to be reflected as Other Comprehensive Income during the current or preceding year.

Notes from pages 10 to 15 form a part of these financial statements.

Balance Sheet
at 31 December 2016

	Note	2016		2015	
		£000	**£000**	£000	£000
Fixed assets					
Investments	*6*		**5,500**		7,224
			5,500		7,224
Current assets					
Debtors	*7*	**20**		20	
		20		20	
Creditors: amounts falling due within one year	*8*	**(4,038)**		(4,028)	
Net current liabilities			**(4,018)**		(4,008)
Net assets			**1,482**		3,216
Capital and reserves					
Called up share capital	*10*		**1**		1
Profit and loss account			**1,481**		3,215
Shareholder's funds			**1,482**		3,216

Notes from pages 10 to 15 form a part of these financial statements.

These financial statements were approved by the board of directors on 23rd February 2018 and were signed on its behalf by:

H.M.K

HM King

Director

Registered number 06392895

Statement of Changes in Equity
for the year ended 31 December 2016

	Called up share capital £000	Profit and loss account £000	Total Equity £000
At 1 January 2015	1	3,201	3,202
Profit for the year	-	14	14
At 31 December 2015	1	3,215	3,216
Loss for the year	-	(1,734)	(1,734)
At 31 December 2016	**1**	**1,481**	**1,482**

Notes from pages 10 to 15 form a part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Beeson Property Investments Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it is a wholly owned subsidiary undertaking of International Group Limited, a Company registered in England and Wales. The financial statements present information about the Company as an individual undertaking and not about its group.

Notwithstanding the Company's net current liabilities of £4,018,000 *(2015: £4,008,000),* these financial statements have been prepared on a going concern basis.

The Company is reliant for its working capital on funds provided to it by International Group Limited, (the parent company). The parent company has itself obtained financial support from subsidiary companies to enable it to continue to trade as a going concern. International Group Limited has provided written support that for at least twelve months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company. This should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. However, as with any reliance on other group entities for financial support the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have no reason to believe that it will not do so.

The parent company's directors, who are also the directors of the Company, have prepared cashflow forecasts for the group (including the Company) for a period of at least twelve months from the date of approval of these financial statements and these show that the group (including the Company) should be able to operate within its facilities. The group has an overdraft facility of £3.7 million which is due to expire on 31 March 2018. Based upon the progress on generating additional funds as set out below, the group may need to open renewal negotiations with its bank before that date and has, at this stage, not sought any written commitment that the facility will be renewed. A subsidiary within the group also has a twelve month loan of £2.7 million from Octopus Partners which is due to be repaid on 14 February 2018 for which a three month extension is in the process of being completed. Discussions are ongoing with the group's bank and loan providers as to what, if any, support will be available after 31 March 2018. There can be no certainty over additional support from existing, or new, providers of finance, and the timing of receiving cash from any of the above interests, however, the group has from its principal bankers a letter of comfort that it will continue to support the group until the group receives its share of funds from the voluntary liquidation of a joint venture property interest which are expected to amount to circa £5.5 million (also refer notes 6 and 14).

The directors are also actively seeking to realise funds for working capital support for the group by:

- selling substantial property interests held directly or indirectly under their ownership;
- collecting a debt of £5.8 million from an overseas Government overdue on an overseas long term contract undertaken by a group entity;
- securing payment of a recent court awarded compensation of £8 million to a group entity arising from a terminated contract in China.

Notes *(continued)*

1 Accounting policies *(continued)*

***Basis of preparation** (continued)*

Based on the current status of negotiations conducted to date, the directors have a reasonable expectation that they will proceed within the timetable forecast, but there can be no certainty that funds will be received as forecast or the sale of the properties will proceed. Based on the latest available information, the directors have a reasonable expectation that sufficient funds will be realised, but if not the group will need to secure additional finance facilities from its current bank, loan providers, or shareholders, or identify alternative sources of funding to fulfil its working capital requirements.

The directors have concluded that the combination of the above circumstances represents a material uncertainty that casts significant doubt upon the parent company's ability to provide working capital support and hence the Company's ability to continue as a going concern and that, therefore the Company may be unable to continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors are confident that the Company has adequate resources to continue to operate for the foreseeable future. For these reasons they continue to adopt the going concern basis in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

The Company's parent undertaking, International Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of International Group Limited are prepared in accordance with FRS 102 and are available to the public and can be obtained from the address given in note 12. 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 end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments;* and
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

Measurement convention

These financial statements are prepared on a going concern basis, under the historical cost convention.

Foreign currencies

Transactions in foreign currencies are translated into the Company's functional currency at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the rate of exchange ruling at that date and the gains or losses on translation are included in the profit and loss account.

Investments

Investments in joint venture undertakings are stated at cost less impairment.

Notes *(continued)*

1 Accounting policies *(continued)*

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors 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 in the case of trade debtors. 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 of instrument for a similar debt instrument.

Impairment

Financial assets (including investments and trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Taxation

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

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; and differences relating to investments in subsidiaries, associates and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. 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 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. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Expenses and auditor's remuneration

Auditor's remuneration of £3,000 *(2015: £3,000)* has been borne by a fellow subsidiary undertaking.

Notes *(continued)*

3 Remuneration of directors

None of the directors received emoluments for their services to the Company during the year (*2015: £nil*).

Details of the amounts paid to the directors by International Group Limited can be found in the financial statements of that Company. These can be obtained from the address in note 12.

4 Staff numbers

	2016	2015
Directors	4	4
	4	4

5 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

Analysis of expense in year

	2016 **£000**	2015 £000
Current tax		
Current UK tax on income for the year	-	-
Total tax	-	-

Reconciliation of effective tax rate

The total tax expense for the year is higher *(2015: lower)* than the standard rate of corporation tax in the UK 20%, (*2015: 20.25%*). The differences are explained below.

	2016 **£000**	2015 £000
Total tax reconciliation		
(Loss) / profit before tax	**(1,734)**	14
Tax using the UK corporation tax rate of 20 % *(2015: 20.25%)*	**(347)**	3
Effects of:		
Additional tax losses arising in the year	**281**	-
Effect of change in tax rates	**66**	
Utilisation of tax losses	-	(3)
Total tax expense (see above)	-	-

In the 2016 Budget, the Chancellor announced additional planned reductions to 17% from 1 April 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on the rates of 17% substantively enacted at the balance sheet date.

Notes *(continued)*

6 Fixed asset investments

	Investment in a joint venture £000
Cost	
At beginning of the year	7,224
Impairment in investment	(1,724)
At end of the year	5,500
Net book value	
At 31 December 2016	5,500
At 31 December 2015	7,224

The impairment in the value of the joint venture investment is based on the Company's share of the decline in the market value of property interests held by the joint venture undertaking at the reporting date. Also refer to note 14 below.

The joint venture undertaking in which the Company had an interest at 31 December 2016 is as follows:

Undertakings	**Country of incorporation**	**Principal activity**	**Class and percentage of shares held**
Maplecross Properties Limited	Guernsey	Property development	55%

7 Debtors

	2016 £000	2015 £000
Amounts owed by joint venture undertaking	**20**	20

All debtors are due within one year.

8 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to group undertakings	**4,038**	4,028
	4,038	4,028

There are no creditors falling due after one year.

Notes *(continued)*

9 Deferred tax

A deferred tax asset of £532,000 *(2015: £251,000)* has arisen. The directors do not feel that it is appropriate to recognise this deferred tax asset in the light of current trading conditions.

The elements of deferred taxation are as follows:

	2016 £000	2015 £000
Tax losses	532	251
Undiscounted deferred tax asset	532	251

10 Called up share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	1	1
Shares classified in shareholder's funds	1	1

11 Commitments

At the end of the financial year the Company had no unprovided capital commitments *(2015: £nil)*.

12 Ultimate parent company and parent undertaking of largest and smallest group of which the Company is a member

The Company is a subsidiary undertaking of International Group Limited which is the ultimate parent company incorporated in the UK.

The largest and smallest group in which the results of the Company are consolidated is that headed by International Group Limited, a company incorporated in the UK. No other group financial statements include the results of the Company. The consolidated financial statements of the group is available to the public and may be obtained from Stoke Park, Park Road, Buckinghamshire, SL2 4PG.

13 Related party transactions

The Company is controlled by International Group Limited, the immediate and ultimate parent undertaking, which controls 100% of the Company's voting rights.

14 Subsequent events

On 5 June 2017 Maplecross Properties Limited entered into a voluntary liquidation. The appointed liquidator commenced a process to sell the principal assets of Maplecross Properties Limited and on 21 February 2018 contracts were exchanged with a third party to acquire the assets for £11 million with £1.1 million having been paid as a deposit on exchange and £9.9 million due on completion. Completion is expected by the end of April 2018 after which surplus funds will be distributed to the shareholders of Maplecross Properties Limited.