

COMPANY REGISTRATION NUMBER 6352297

**Grainger Europe (No. 4) Limited**  
**Financial statements**  
**30 September 2015**

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# **Grainger Europe (No. 4) Limited**

## **Financial statements**

**Year ended 30 September 2015**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	<b>1</b>
Directors' report	<b>2</b>
Independent auditor's report to the members of Grainger Europe (No. 4) Limited	<b>4</b>
Profit and loss account	<b>6</b>
Balance sheet	<b>7</b>
Notes to the financial statements	<b>8</b>

# Grainger Europe (No. 4) Limited

## Officers and professional advisers

### **The board of directors**

Nick P On  
Nicholas M F Jopling  
Steven Butler  
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**

Barclays Bank Plc  
Barclays House  
5 St Ann's Street  
Quayside  
Newcastle Upon Tyne  
NE1 2BH

### **Solicitors**

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

# Grainger Europe (No. 4) 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.

### Principal activities

The principal activity of the company during the year was investing in European property companies. 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  
Mark Greenwood  
Nicholas M F Jopling  
Steven Butler

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 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 Europe (No. 4) 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.

### **Small company provisions**

The directors' report has been prepared taking advantage of the small companies' exemption under section 415A of the Companies Act 2006.

By order of the board



Adam McGhin  
Company Secretary

Approved by the directors on 31 March 2016

**Independent auditor's report to the members of  
Grainger Europe (No. 4) Limited**

We have audited the financial statements of Grainger Europe (No. 4) Limited for the year ended 30 September 2015 set out on pages 6 to 11. 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 2, 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](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 30 September 2015 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.

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

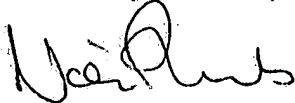
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of  
Grainger Europe (No. 4) 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; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.



**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  
6 April 2016

# Grainger Europe (No. 4) Limited

## Profit and loss account

Year ended 30 September 2015

	Note	2015 £	2014 £
Turnover		-	-
Operating profit	2	-	-
Amounts written off investments	3	(2,307,370)	(814,862)
Interest payable and similar charges	7	(4,517,918)	(4,340,173)
<b>Loss on ordinary activities before taxation</b>		<b>(6,825,288)</b>	<b>(5,155,035)</b>
Tax on loss on ordinary activities	4	926,173	954,838
<b>Loss for the financial year</b>	10	<b>(5,899,115)</b>	<b>(4,200,197)</b>

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 loss of £5,899,115 attributable to the shareholders for the year ended 30 September 2015 (2014 - loss of £4,200,197).

The notes on pages 8 to 11 form part of these financial statements.



# Grainger Europe (No. 4) Limited

## Balance sheet

30 September 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Investments	5	<u>88,680,657</u>	<u>86,113,312</u>
<b>Current assets</b>			
Debtors	6	926,614	955,441
<b>Creditors: Amounts falling due within one year</b>	7	<u>(122,587,880)</u>	<u>(114,150,247)</u>
<b>Net current liabilities</b>		<u>(121,661,266)</u>	<u>(113,194,806)</u>
<b>Total assets less current liabilities</b>		<u>(32,980,609)</u>	<u>(27,081,494)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	9	9,837,779	9,837,779
Profit and loss account	10	<u>(42,818,388)</u>	<u>(36,919,273)</u>
<b>Deficit</b>	11	<u>(32,980,609)</u>	<u>(27,081,494)</u>

These accounts were approved by the directors and authorised for issue on 31 March 2016, and are signed on their behalf by:



Nick P On  
Director

Company Registration Number: 6352297

The notes on pages 8 to 11 form part of these financial statements.

# Grainger Europe (No. 4) 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 UK accounting standards.

#### Going concern

Grainger plc has confirmed to the directors of the company that it will provide such financial support, for at least 12 months from the signing of these accounts and thereafter for the foreseeable future, to allow the company to meet its liabilities as they become due.

#### 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.

#### Investments

Investments are recorded at cost less any provisions for diminution in 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.

#### Group accounts

The financial statements contain information about Grainger Europe (No.4) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in the consolidated financial statements of the ultimate parent company, Grainger plc, a company registered in England and Wales.

### 2. 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.

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

# Grainger Europe (No. 4) Limited

## Notes to the financial statements

Year ended 30 September 2015

### 3. Amounts written off investments

	2015	2014
	£	£
Amounts written off investments (note 5)	<u>2,307,370</u>	<u>814,862</u>

### 4. Taxation on ordinary activities

#### (a) Analysis of credit in the year

	2015	2014
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 20.50% (2014 - 22%)	<u>(926,173)</u>	<u>(954,838)</u>
Total current tax	<u>(926,173)</u>	<u>(954,838)</u>

There is no unprovided deferred tax liability or unrecognised deferred tax asset in these financial statements.

#### (b) Factors affecting current tax credit

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

	2015	2014
	£	£
Loss on ordinary activities before taxation	<u>(6,825,288)</u>	<u>(5,155,035)</u>
Loss on ordinary activities by rate of tax	<u>(1,399,184)</u>	<u>(1,134,108)</u>
Non taxable movement on investment provision	<u>473,011</u>	<u>179,270</u>
Total current tax (note 4(a))	<u>(926,173)</u>	<u>(954,838)</u>

#### (c) Factors that may affect future tax charges

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

# Grainger Europe (No. 4) Limited

## Notes to the financial statements

Year ended 30 September 2015

### 5. Investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 October 2014	107,270,330
Additions	4,874,715
At 30 September 2015	<u>112,145,045</u>
<b>Provision</b>	
At 1 October 2014	21,157,018
Provided in year	2,307,370
At 30 September 2015	<u>23,464,388</u>
<b>Net book value</b>	
<b>At 30 September 2015</b>	<u>88,680,657</u>
At 30 September 2014	<u>86,113,312</u>

The company owns 100% of the issued share capital of Grainger FRM GmbH, an investment company incorporated in Germany.

During the year, Grainger FRM GmbH issued €6,500,000 of new shares that were acquired by the company. In addition, the company made a capital contribution of €355,451 to Grainger FRM GmbH (2014: received a distribution booked against dissolution of capital reserves of €9,257,062 from Grainger FRM GmbH).

Following a review undertaken by the directors during the year, the company's investments were impaired by £2,307,370 (2014: £814,862).

The company also has the following indirect holdings in the entities listed below, which are incorporated in Germany, except for MH Grainger JV Sarl, which is incorporated in Luxembourg:

Company	Nature of business
Franco Rhein-Main 1 V.mbH (99.9%)	Property investment
Franco Rhein-Main 2 V.mbH (99.9%)	Property investment
Franco Rhein-Main 3 V.mbH (99.9%)	Property investment
G&G GmbH (25%)	Property investment
Grainger Deutschland GmbH (100%)	Asset management services
Grainger FRM General Partner GmbH (100%)	Property investment
Grainger Portfolio 3 GmbH (100%)	Property trading and investment
Grainger Recklinghausen Portfolio one GmbH (99.9%)	Property investment
Grainger Recklinghausen Portfolio two GmbH (99.9%)	Property investment
Grainger Stuttgart Portfolio one GmbH & Co. Kg (25%)	Property investment
Grainger Stuttgart Portfolio two GmbH & Co. Kg (25%)	Property investment
MH Grainger JV Sarl (22%)	Property investment

### 6. Debtors

	2015	2014
	£	£
Amounts owed by group undertakings	<u>926,614</u>	<u>955,441</u>

# Grainger Europe (No. 4) Limited

## Notes to the financial statements

Year ended 30 September 2015

### 7. Creditors: Amounts falling due within one year

	2015	2014
	£	£
Amounts owed to group undertakings	<u>122,587,880</u>	<u>114,150,247</u>

Included within amounts owed to group undertakings is a loan of £122,587,880 (2014: £114,150,247). The loan bears interest at LIBOR plus margin plus costs, which averaged 3.87% in the year (2014: 3.83%), and is repayable on demand but is not expected to be repaid within the next 12 months. Interest payable for the year amounted to £4,517,918 (2014: £4,240,173).

### 8. 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.

### 9. Share capital

Allotted, called up and fully paid:

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	<u>9,837,779</u>	<u>9,837,779</u>	<u>9,837,779</u>	<u>9,837,779</u>

### 10. Profit and loss account

	2015	2014
	£	£
Balance brought forward	(36,919,273)	(32,719,076)
Loss for the financial year	<u>(5,899,115)</u>	<u>(4,200,197)</u>
Balance carried forward	<u>(42,818,388)</u>	<u>(36,919,273)</u>

### 11. Reconciliation of movements in shareholders' deficit

	2015	2014
	£	£
Loss for the financial year	(5,899,115)	(4,200,197)
Opening shareholders' deficit	<u>(27,081,494)</u>	<u>(22,881,297)</u>
Closing shareholders' deficit	<u>(32,980,609)</u>	<u>(27,081,494)</u>

### 12. 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.

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