

# HVL Neath Limited

Report and Financial Statements

Year Ended

31 December 2008

**Company number: 05826447**

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# HVL Neath Limited

## Report and financial statements for the year ended 31 December 2008

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### Directors

P Jacobs  
P J Saunders

### Secretary and registered office

P Jacobs, Philip House, 1A Spur Road, Orpington, Kent, BR6 0PH

### Company number

05826447

### Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

# HVL Neath Limited

## Report of the directors for the year ended 31 December 2008

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The directors present their report together with the audited financial statements for the year ended 31 December 2008.

### Results

The profit and loss account is set out on page 5 and shows the loss for the period.

The directors do not recommend the payment of a final dividend (2007 - £Nil)

### Principal activities and review of the business

The company's principal activity is that of property investment.

The results for the period and financial position of the company at 31 December 2008 are as shown in the annexed financial statements.

Both the results for the period, and the period end financial position were satisfactory. The directors consider future prospects to be satisfactory.

### Directors

The directors of the company during the period were:

P Jacobs  
P J Saunders

### Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and the United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial period which 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; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

# HVL Neath Limited

## Report of the directors for the year ended 31 December 2008 *(continued)*

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### **Auditors**

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

### **By order of the Board**



P Jacobs  
**Secretary**

Date: 20 October 2009

# HVL Neath Limited

## Independent auditor's report

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### To the shareholders of HVL Neath Limited

We have audited the financial statements of HVL Neath Limited for the year ended 31 December 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

#### *Respective responsibilities of directors and auditors*

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit opinion*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# HVL Neath Limited

## Independent auditor's report (*continued*)

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### *Opinion*

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

*AAO LLP*

### **BDO LLP**

*Chartered Accountants  
and Registered Auditors*

Gatwick  
United Kingdom

Date:

*22 October 2009*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# HVL Neath Limited

## Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover	2	92,658	86,356
Administrative expenses		6,005	7,573
<b>Operating profit</b>	3	86,653	78,783
Other interest receivable and similar income		1,345	2,664
Interest payable and similar charges		(103,749)	(104,867)
<b>Loss on ordinary activities before taxation</b>		(15,751)	(23,420)
Taxation on loss from ordinary activities		4,421	(21)
<b>Loss on ordinary activities after taxation</b>		(11,330)	(23,441)

All amounts relate to continuing activities.

		2008 £	2007 £
<b>Statement of total recognised gains and losses</b>			
Profit for the financial year		(11,330)	(23,441)
Unrealised deficit on revaluation of properties	9	(562,885)	-
<b>Total recognised gains and losses in the year</b>		(574,215)	(23,441)

The notes on pages 7 to 11 form part of these financial statements.

# HVL Neath Limited

Balance sheet at 31 December 2008

Company number: 05826447	Note	2008 £	2008 £	2007 £	2007 £
<b>Fixed assets</b>					
Tangible assets	4		1,666,000		2,219,922
<b>Current assets</b>					
Debtors	5	106,661		142,494	
Cash at bank and in hand		45,990		87,033	
		<u>152,651</u>		<u>229,527</u>	
<b>Creditors: amounts falling due within one year</b>	6	757,113		813,696	
		<u>152,651</u>		<u>229,527</u>	
<b>Net current liabilities</b>			<b>(604,462)</b>		<b>(584,169)</b>
<b>Total assets less current liabilities</b>			<b>1,061,538</b>		<b>1,635,735</b>
<b>Creditors: amounts falling due after more than one year</b>	7		1,675,000		1,675,000
			<u>1,675,000</u>		<u>1,675,000</u>
<b>Net liabilities</b>			<b>(613,462)</b>		<b>(39,247)</b>
<b>Capital and reserves</b>					
Called up share capital	8		1		1
Profit and loss account	9		(50,578)		(39,248)
Revaluation reserve	9		(562,885)		-
			<u>1</u>		<u>1</u>
<b>Shareholders' deficit</b>	10		<b>(613,462)</b>		<b>(39,247)</b>
			<u>(613,462)</u>		<u>(39,247)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board and authorised for issue on 20 October 2009.



P J Saunders  
Director

The notes on pages 7 to 11 form part of these financial statements.



# HVL Neath Limited

## Notes forming part of the financial statements for the year ended 31 December 2008

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### 1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

#### *Basis of preparation*

At 31 December 2008 the company had net liabilities of £613,462 and net current liabilities of £604,462.

The financial statements have been prepared on a going concern basis. In considering the appropriateness of the going concern assumption, the directors have taken into consideration the company's cash flow forecasts and the company's present level of funding. The shareholders have indicated that they will not withdraw the existing financial support to the company for at least a year from the date of approval of these financial statements. The directors are therefore confident that they have sufficient working capital and consider that adequate longer term funding will remain in place and consequently the company will continue as a going concern. No adjustments have been made to the carrying value of both assets and liabilities, that might be required should the going concern basis be inappropriate.

#### *Joint arrangements*

The company has entered into commercial arrangements with other investors resulting in property interests being held indirectly through jointly controlled legal entities. These legal entities do not carry on trades of their own, rather are just a means by which the investors hold an interest in property assets. In accordance with FRS 9 'Associates and joint ventures', and in order to reflect their true economic substance, the company accounts directly for its own share of the assets, liabilities and cash flows of these joint arrangements.

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

#### *Turnover*

Turnover represents the rental income receivable, service charges and other recoveries from investment properties in the United Kingdom.

In circumstances where a tenant has been given an incentive to enter into a lease by way of a payment, the incentive is treated as a reduction in rental income. The incentive is amortised on a straight line basis over the period from term commencement to the date of the first rent review, in accordance with UITF 28. Where an incentive is given to a tenant by way of a rent free period, the total rental income receivable for the period to the first rent review is recognised on a straight-line basis from term commencement to the date of the first rent review, in accordance with UITF 28.

#### *Investment properties*

In accordance with SSAP 19 investment properties are revalued annually to open market value and no depreciation is provided. The directors consider that this accounting policy results in the financial statements giving a true and fair view. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the profit and loss account.

# HVL Neath Limited

Notes forming part of the financial statements for the year ended 31 December 2008 (*Continued*)

## 1 Accounting policies (*continued*)

### *Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

## 2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

## 3 Operating profit

	2008 £	2007 £
This is arrived at after charging:		
Audit services	1,375	1,350

## 4 Tangible fixed assets

	Investment Property £
<i>Cost</i>	
At 1 January 2008	2,219,922
Additions	8,963
Revaluation	(562,885)
At 31 December 2008	1,666,000

The directors are of the opinion that the value of the investment properties stated above is not materially different to the open market value.

The historical cost of the investment property held at 31 December 2008 was £2,228,885 (2007 - £2,219,922).

## HVL Neath Limited

Notes forming part of the financial statements for the year ended 31 December 2008 *(Continued)*

5 Debtors	2008 £	2007 £
Other debtors	95,244	126,509
Prepayments	11,417	15,985
	106,661	142,494

All amounts shown under debtors fall due for payment within one year.

6 Creditors: amounts falling due within one year	2008 £	2007 £
Amounts due to group undertakings	696,858	751,279
Other creditors	5,998	6,732
Taxation and social security	4,296	6,291
Accruals	49,961	49,394
	757,113	813,696

7 Creditors: amounts falling due after more than one year	2008 £	2007 £
Bank loan	1,675,000	1,675,000
	1,675,000	1,675,000
Maturity of debt:		
	Loans 2008 £	Loans 2007 £
In one year or less, or on demand	-	-
	-	-
In one to two years	-	-
In two to five years	1,675,000	1,675,000
In more than five years	-	-
	1,675,000	1,675,000

The bank loans are interest only, repayable in 2 - 5 years in August 2011. The loan is secured on investment properties and by a fixed and floating charge over all the current and future assets of the company. The company has entered into interest rate swaps fixing Libor at a rate of 5.18%.

## HVL Neath Limited

Notes forming part of the financial statements for the year ended 31 December 2008 *(Continued)*

### 8 Share capital

	Authorised 2008 £	Authorised 2007 £	Allotted, called up fully paid 2008 £	Allotted, called up fully paid 2007 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	100	100	1	1
	<hr/>	<hr/>	<hr/>	<hr/>

### 9 Reserves

			Profit and loss £	Revaluation reserve £
At 1 January 2008			(39,248)	-
Revaluation of investment property			-	(562,885)
Loss for the year			(11,330)	-
			<hr/>	<hr/>
At 31 December 2008			(50,578)	(562,885)
			<hr/>	<hr/>

### 10 Reconciliation of movements in shareholders' funds

			2008 £	2007 £
Loss for the year			(11,330)	(23,441)
Revaluation of investment properties			(562,885)	-
			<hr/>	<hr/>
Net increase in shareholders' deficit			(574,215)	(23,441)
Opening shareholders' deficit			(39,247)	(15,806)
			<hr/>	<hr/>
Closing shareholders' deficit			(613,462)	(39,247)
			<hr/>	<hr/>

### 11 Related party disclosures

Included within amounts due from group undertakings is a balance of £696,858 (2007 - £751,279) due to Harris Ventures Limited the parent company.

During the year, rent and fees of £74,991 (2007 - £62,424) were received from Carpetright plc, a company in which the ultimate controlling party held a material shareholding and interest.

## HVL Neath Limited

Notes forming part of the financial statements for the year ended 31 December 2008 *(Continued)*

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### 12 Ultimate controlling party

The company is a wholly owned subsidiary of Harris Ventures Limited, a company incorporated in England and Wales.

The ultimate controlling party is considered to be Lord Harris of Peckham, by virtue of his interest in the Harris Ventures Limited.