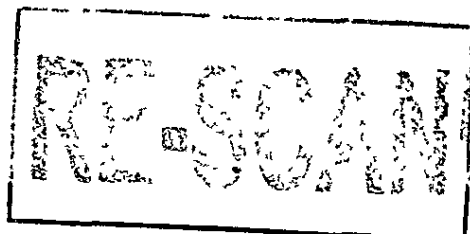


Hampstead Residential Limited

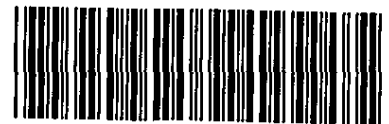
Report And Financial Statements

31 March 2016



Rees Pollock
Chartered Accountants

THURSDAY



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Hampstead Residential Limited

COMPANY INFORMATION

| | |
|-----------------------------|--|
| Directors | T L Slowe P W Walker J E Eades J Shenton |
| Company secretary | D Howe |
| Registered number | 04396125 |
| Registered office | 32 Hampstead High Street London NW3 1JQ |
| Independent auditors | Rees Pollock 35 New Bridge Street London EC4V 6BW |

DIRECTORS' REPORT
For the Year Ended 31 March 2016

The directors present their report and the financial statements for the year ended 31 March 2016

Results and dividends

The profit for the year, after taxation, amounted to £287,649 (2015 - loss £131,609)

Directors

The directors who served during the year were

T L Slowe
P W Walker
J E Eades
J Shenton (appointed 1 May 2015)

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently,
- make judgments 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,
- 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 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

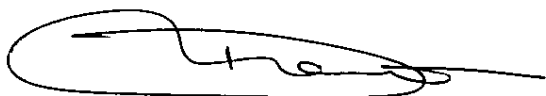
Hampstead Residential Limited

DIRECTORS' REPORT (CONTINUED)
For the Year Ended 31 March 2016

Auditors

The auditors, Rees Pollock, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 30 November 2016 and signed on its behalf

A handwritten signature in black ink, appearing to read 'D Howe', enclosed within a large, irregular oval shape.

D Howe
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HAMPSTEAD RESIDENTIAL LIMITED

We have audited the financial statements of Hampstead Residential Limited for the year ended 31 March 2016, set out on pages 4 to 13. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006

and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Auditors' 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 Auditors

As explained more fully in the Directors' Responsibilities Statement on page 1, 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 Financial Reporting Council'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 March 2016 and of its profit or loss 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 those 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 directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Philip Vipond (Senior statutory auditor)

for and on behalf of

Rees Pollock, Statutory Auditor

30 November 2016

STATEMENT OF INCOME AND RETAINED EARNINGS
For the Year Ended 31 March 2016

| | Note | 2016 £ | 2015 £ |
|---|-------------|-------------------|-------------------|
| Turnover | 3 | 312,104 | 323,320 |
| Cost of sales | | (120,105) | (113,093) |
| Gross profit | | 191,999 | 210,227 |
| Administrative expenses | | (42,997) | (44,910) |
| Operating profit | 4 | 149,002 | 165,317 |
| Unrealised gain/(loss) on property | | 175,479 | (350,961) |
| Interest payable and expenses | | (49) | - |
| Profit/(loss) before tax | | 324,432 | (185,644) |
| Tax on profit/(loss) | 7 | (36,783) | 54,035 |
| Profit/(loss) after tax | | 287,649 | (131,609) |
| Retained earnings at the beginning of the year | | 4,222,688 | 4,354,297 |
| Profit/(loss) for the year | | 287,649 | (131,609) |
| Retained earnings at the end of the year | | 4,510,337 | 4,222,688 |

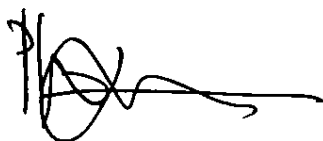
The notes on pages 6 to 13 form part of these financial statements

BALANCE SHEET
As at 31 March 2016

| | Note | 2016 £ | 2016 £ | 2015 £ | 2015 £ |
|---|------|--------------------|--------------------|--------------------|--------------------|
| Fixed assets | | | | | |
| Investment property | 8 | | 13,350,000 | | 13,000,000 |
| | | | <u>13,350,000</u> | | <u>13,000,000</u> |
| Current assets | | | | | |
| Debtors amounts falling due within one year | 9 | 5,750 | | 72,538 | |
| Cash at bank and in hand | | <u>3,253</u> | | <u>305</u> | |
| | | 9,003 | | 72,843 | |
| Creditors amounts falling due within one year | 10 | <u>(8,436,907)</u> | | <u>(8,442,915)</u> | |
| Net current liabilities | | | <u>(8,427,904)</u> | | <u>(8,370,072)</u> |
| Total assets less current liabilities | | | 4,922,096 | | 4,629,928 |
| Provisions for liabilities | | | | | |
| Deferred tax | 11 | <u>(411,758)</u> | | <u>(407,239)</u> | |
| | | | <u>(411,758)</u> | | <u>(407,239)</u> |
| Net assets | | | <u>4,510,338</u> | | <u>4,222,689</u> |
| Capital and reserves | | | | | |
| Called up share capital | 12 | | 1 | | 1 |
| Profit and loss account | | | <u>4,510,337</u> | | <u>4,222,688</u> |
| | | | <u>4,510,338</u> | | <u>4,222,689</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30 November 2016

P W Walker



Director

The notes on pages 6 to 13 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016

1 Accounting policies

1.1 Basis of preparation of financial statements

Hampstead Residential Limited is a limited company incorporated in the United Kingdom. The Company's registered address is 32 Hampstead High Street, London, NW3 1JQ.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 14.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Turnover

Turnover is attributable to income from property rentals and is recognised on a straight line basis over the term of the lease.

1.3 Investment property

Investment property is carried at fair value determined annually by J. E. Eades, a director of the company, and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Profit and Loss Account.

1.4 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016

1. Accounting policies (continued)

1.5 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit and a reliable estimate can be made of the amount of the obligation

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation taking into account relevant risks and uncertainties

When payments are eventually made, they are charged to the provision carried in the Balance Sheet

1.6 Current and deferred taxation

Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. These are not discounted

1.7 Cash flow

The company, being a subsidiary undertaking whose parent produces publicly available consolidated financial statements, is exempt from the requirement to draw up a cash flow statement in accordance with Section 1.12 of FRS 102

1.8 Related party transactions

The company is a wholly owned subsidiary of J Leon & Company Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in Section 33 of FRS 102 from disclosing transactions with members of the J Leon group

2. Judgments in applying accounting policies and key sources of estimation uncertainty

As detailed in Note 1.3, investment properties are carried at fair value determined annually by J E Eades, a director of the company, and derived from the current market rents and investment property yields for comparable real estate adjusted if necessary for any difference in the nature, location or condition of the specific asset. As such there is a degree of judgement and estimation uncertainty in this policy

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016

3 Turnover

The whole of the turnover is attributable to the company's principal continuing activity

All turnover arose within the United Kingdom

4. Operating profit

The operating profit is stated after charging

| | 2016 £ | 2015 £ |
|---|--------------|--------------|
| Fees payable to the Company's auditor and its associates for the audit of the company's annual accounts | 3,600 | 3,600 |
| | <u>3,600</u> | <u>3,600</u> |

5. Particulars of employees

The ultimate parent company employs and bears the cost of the entire group's staff with the exception of the directors' emoluments disclosed below

6 Directors' remuneration

| | 2016 £ | 2015 £ |
|-----------------------|---------------|---------------|
| Directors' emoluments | 39,000 | 39,000 |
| | <u>39,000</u> | <u>39,000</u> |

7 Taxation

| | 2016 £ | 2015 £ |
|---|---------------|-----------------|
| Corporation tax | | |
| Current tax on profits for the year | 32,264 | 34,717 |
| Adjustments in respect of previous periods | - | 27,666 |
| Total current tax | <u>32,264</u> | <u>62,383</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 4,519 | (116,418) |
| Taxation on profit/(loss) on ordinary activities | <u>36,783</u> | <u>(54,035)</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016

7. **Taxation (continued)**

Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 20% (2015 - 21%)
The differences are explained below

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Profit on ordinary activities before tax | 324,432 | (185,644) |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 21%) | 64,886 | (38 985) |
| Effects of | | |
| Adjustments to tax charge in respect of prior periods | - | 27,666 |
| Other differences leading to an increase (decrease) in taxation | 6,993 | (116,418) |
| Revaluation of investment properties | (35,096) | 73,702 |
| Total tax charge for the year | 36,783 | (54,035) |

8 **Investment property**

| | Freehold investment property £ |
|-------------------------|---|
| Valuation | |
| At 1 April 2015 | 13,000,000 |
| Additions at cost | 174,521 |
| Surplus on revaluation | 175,479 |
| At 31 March 2016 | 13,350,000 |

Investment properties were valued on an open market existing use basis at 31 March 2016 by J E Eades, a director of the Company. Such properties are not depreciated. The depreciation which would otherwise have been charged would not be material.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows

| | 2016 £ | 2015 £ |
|------------------------------|-----------|-----------|
| Freehold investment property | 9,107,940 | 8,933,419 |

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016

9. Debtors

| | 2016 | 2015 |
|---------------|--------------|---------------|
| | £ | £ |
| Trade debtors | 2,750 | 6,960 |
| Other debtors | 3,000 | 65,578 |
| | <u>5,750</u> | <u>72,538</u> |

10. Creditors. Amounts falling due within one year

| | 2016 | 2015 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Amounts owed to group undertakings | 8,383,103 | 8,396,839 |
| Corporation tax | 32,036 | 18,831 |
| Other creditors | 7,274 | 6,749 |
| Accruals and deferred income | 14,494 | 20,496 |
| | <u>8,436,907</u> | <u>8,442,915</u> |

11 Deferred taxation

| | 2016 |
|-------------------------------|------------------|
| | £ |
| At beginning of year | (407,239) |
| Charged to the profit or loss | (4,519) |
| At end of year | <u>(411,758)</u> |

The provision for deferred taxation is made up as follows

| | 2016 |
|---|------------------|
| | £ |
| Deferred tax liability on investment properties | (411,758) |
| | <u>(411,758)</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016

12. Share capital

| | 2016 £ | 2015 £ |
|---|-----------|-----------|
| Shares classified as equity | | |
| Allotted, called up and fully paid | | |
| 1 Ordinary Share share of £1 | 1 | 1 |
| | <u>1</u> | <u>1</u> |

13. Controlling party

The ultimate holding company is J Leon & Company Limited, a company incorporated in England and Wales

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 March 2016

14 First time adoption of FRS 102

| | As previously stated 1 April 2014 £ | Effect of transition 1 April 2014 £ | FRS 102 (as restated) 1 April 2014 £ | As previously stated 31 March 2015 £ | Effect of transition 31 March 2015 £ | FRS 102 (as restated) 31 March 2015 £ |
|---|---|---|--|--|--|---|
| Fixed assets | 9,248,000 | - | 9,248,000 | 13,000,000 | - | 13,000,000 |
| Current assets | 89,963 | - | 89,963 | 72,843 | - | 72,843 |
| Creditors amounts falling due within one year | (4,460,008) | - | (4,460,008) | (8,442,915) | - | (8,442,915) |
| Net current liabilities | (4,370,045) | - | (4,370,045) | (8,370,072) | - | (8,370,072) |
| Total assets less current liabilities | 4,877,955 | - | 4,877,955 | 4,629,928 | - | 4,629,928 |
| Provisions for liabilities | - | (523,657) | (523,657) | - | (407,239) | (407,239) |
| Net assets | 4,877,955 | (523,657) | 4,354,298 | 4,629,928 | (407,239) | 4,222,689 |
| Share capital | 1 | - | 1 | 1 | - | 1 |
| Revaluation reserve | 4,267,253 | (4,267,253) | - | 4,066,581 | (4,066,581) | - |
| Capital reserve | (379,206) | 379,206 | - | (529,495) | 529,495 | - |
| Profit and loss account | 989,907 | 3,364,390 | 4,354,297 | 1,092,841 | 3,129,847 | 4,222,688 |
| | 4,877,955 | (523,657) | 4,354,298 | 4,629,928 | (407,239) | 4,222,689 |

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 March 2016

14. First time adoption of FRS 102 (continued)

| | As previously stated 31 March 2015 £ | Effect of transition 31 March 2015 £ | FRS 102 (as restated) 31 March 2015 £ |
|---|--|--|---|
| Turnover | 323,320 | - | 323,320 |
| Cost of sales | (113,093) | - | (113,093) |
| | <u>210,227</u> | <u>-</u> | <u>210,227</u> |
| Administrative expenses | (44,910) | - | (44,910) |
| | <u>165,317</u> | <u>-</u> | <u>165,317</u> |
| Operating profit | 165,317 | - | 165,317 |
| Loss on sale of tangible fixed assets | (1,686) | - | (1,686) |
| Revaluation of investment properties | - | (349,275) | (349,275) |
| Taxation | (62,383) | 116,418 | 54,035 |
| | <u>101,248</u> | <u>(232,857)</u> | <u>(131,609)</u> |
| (Loss)/profit on ordinary activities after taxation and for the financial year | 101,248 | (232,857) | (131,609) |
| Other comprehensive income | | | |
| Unrealised surplus on revaluation of investment properties | (349,275) | 349,275 | - |
| | <u>(248,027)</u> | <u>116,418</u> | <u>(131,609)</u> |
| Total comprehensive income for the financial year | <u>(248,027)</u> | <u>116,418</u> | <u>(131,609)</u> |

Explanation of changes to previously reported profit and equity

- 1 Under previous UK GAAP the company recognised fair value revaluations to investment properties through equity via the statement of total recognised gains and losses (equivalent to other comprehensive income) Under FRS 102 the movements are recognised in the profit and loss account for the year
- 2 Under previous UK GAAP the Company recognised no deferred tax asset or liability in respect of investment property revaluations Under FRS 102 deferred tax adjustment is recognised in full