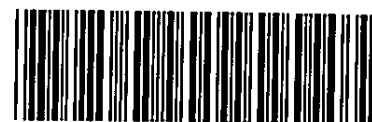


Langtree Ventures Limited
Directors' report and financial
statements

Registered number 05982867
For the year ended 30 June 2014

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2014

Principal activities

The principal activity of the group is as an intermediate holding company for a joint venture partnership investing in commercial property in the West Midlands

Business review

The company wholly owns two companies, Langtree Midwest Limited and Langtree Midwest Nominees Limited. These two companies hold a combined 50% share in a joint venture partnership between Langtree Ventures Limited and The Homes and Communities Agency.

The partnership holds a portfolio of commercial properties across the West Midlands.

Principal risks and uncertainties

The partnership has a monthly board meeting. Performance is monitored against a detailed budget and revised forecasts are updated regularly. This monthly meeting includes a Managing Director's report, a development and property report, a finance report, consideration of other operational issues and a marketing report.

Key performance indicators

On existing tenanted sites the Partnership focuses on key rental statistics such as occupancy and passing rent together with site profitability. On development sites the Partnership focuses on return on cost.

Proposed dividend

The directors do not propose the payment of a dividend (2013 £nil).

Directors and directors' interests

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

J Downes
M Jackson

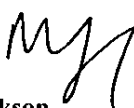
Disclosure of information to auditor

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, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in the office.

By order of the board


M Jackson
Director

Centrix House
Crow Lane East
Newton Le Willows
WA12 9UY

10 December 2014

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

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 prudent¹,
- 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

St James' Square
Manchester
M2 6DS
United Kingdom

Independent auditor's report to the members of Langtree Ventures Limited

We have audited the financial statements of Langtree Ventures Limited for the year ended 30 June 2014, set out on pages 5 to 14. 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 Part 3 of Chapter 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group and parent company's affairs as at 30 June 2014 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 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 Langtree Ventures 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 from the requirement to prepare a strategic report

Nicola Quayle

Nicola Quayle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

22 December 2014

Consolidated profit and loss account
for the year ended 30 June 2014

	<i>Note</i>	2014 £000	2013 £000
Revenue		-	-
Expenses		-	-
		<hr/>	<hr/>
Operating result	2	-	-
Share of operating profit in joint venture		370	260
		<hr/>	<hr/>
Operating profit after share of joint venture		370	260
		<hr/>	<hr/>
Profit on ordinary activities before taxation		370	260
Tax on profit on ordinary activities	5	73	(145)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		443	115
		<hr/>	<hr/>
Retained profit for the financial year		443	115
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 9 to 14 form part of these financial statements

All revenue and operating profits are derived from continuing operations

Consolidated statement of total recognised gains and losses
for the year ended 30 June 2014

	2014	2013
	£000	£000
Retained profit as reported	443	115
Property revaluations in respect of joint ventures	1,183	(1,429)
Total recognised gains and losses relating to the financial year	1,626	(1,314)

Consolidated note of historical cost profits and losses
for the year ended 30 June 2014

	2014	2013
	£000	£000
Reported profit on ordinary activities before taxation	370	260
Realisation of property revaluation losses of previous years	(411)	-
Historical cost (loss)/profit on ordinary activities before taxation	(41)	260
Historical cost profit for the year retained after taxation	32	115

Consolidated balance sheet
as at 30 June 2014

	Note	2014 £000	2013 £000
Investment in joint venture			
Share of gross assets	6	20,709	18,921
Share of gross liabilities	6	(21,623)	(21,388)
		(914)	(2,467)
Current assets			
Cash at bank and in hand	7	21	21
Debtors	8	102	16
		123	37
Creditors: amounts due to group undertakings		(85)	(85)
Net current assets/(liabilities)		38	(48)
Provisions for liabilities and charges	9	(13)	-
Net liabilities		(889)	(2,515)
Capital and reserves			
Called up share capital	11	100	100
Loan notes	11	15,260	15,260
Revaluation reserve	12	(14,126)	(15,720)
Profit and loss account	12	(2,123)	(2,155)
Total capital and reserves	13	(889)	(2,515)

The notes on pages 9 to 14 form part of these financial statements

These financial statements were approved by the board of directors on 10 December 2014 and were signed on its behalf by



M Jackson
Director

Company balance sheet
as at 30 June 2014

	Note	2014	2013
		£000	£000
Current assets			
Cash at bank and in hand	7	15	15
Debtors (including £nil (2013 £14,980 000) due after more than one year)	8	11	14,991
		<u>26</u>	<u>15,006</u>
Net current assets		<u>26</u>	<u>15,006</u>
Net assets		<u>26</u>	<u>15,006</u>
Capital and reserves			
Called up share capital	11	100	100
Loan notes	11	15,260	15,260
Profit and loss account	12	(15,334)	(354)
Equity shareholders' funds	13	<u>26</u>	<u>15,006</u>

The notes on pages 9 to 14 form part of these financial statements

These financial statements were approved by the board of directors on
by

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2014 and were signed on its behalf


M Jackson
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

Basis of preparation

The financial statements have been prepared on the going concern basis, in accordance with the Companies Act 2006 and applicable accounting standards and using the historical cost convention. The principal accounting policies, which have been applied consistently, are set out below

As permitted by Financial Reporting Standard 1, the company has not included a cash flow statement as part of these financial statements, as a cash flow statement is included in the accounts of the parent undertaking

Going Concern

The company is a holding company for PxP West Midlands LP. The company has no forecast expenditure in the foreseeable future. However in the event that funding was required this would be provided by Langtree Land and Property plc.

As at the balance sheet date, Langtree Land and Property plc met its day to day working capital requirements through an intercompany loan facility with its ultimate parent company Langtree Real Estate Holdings Limited. After the balance sheet date this facility was fully repaid and replaced by a bank facility obtained by Langtree Land and Property plc. This facility was completed in December 2014 and is due to expire in December 2019.

After making enquiries the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and accounts.

Basis of consolidation

The consolidated accounts of the group comprise the financial statements of Langtree Ventures Limited and all its subsidiary undertakings. As permitted by Section 408 of the Companies Act 2006 a separate company profit and loss account is not presented. The results of the parent company are disclosed in note 12.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed at the balance sheet date, except as otherwise required by FRS 19.

Related parties

Under the provisions of FRS 8 "Related Party Transactions" the Company is exempt from the requirement to disclose details of transactions with group companies.

Joint ventures

A joint venture is an undertaking in which the group has a long-term interest and over which it exercises joint control. The group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its asset/(liability) in their net asset/(liabilities), is included in investments/(provisions) in the consolidated balance sheet.

2 Profit on ordinary activities before taxation

Auditor's remuneration for the company in the current and prior year was borne by another group company, Langtree Land and Property plc.

Notes (continued)

3 Remuneration of directors

No directors' remuneration was paid in the year (2013 £nil)

4 Staff numbers and costs

No staff were employed by the group during the year (2013 None)

5 Taxation

a) Analysis of charge in year

	2014 £000	2013 £000
UK corporation tax		
Group relief	(84)	63
Adjustments in respect of previous periods	(1)	2
	<u>(85)</u>	<u>65</u>
Deferred tax – current year charge	-	80
Deferred tax – impact of change in rate	(1)	-
Deferred tax – adjustments in respect of prior year	15	-
	<u>73</u>	<u>145</u>

b) Factors affecting the tax charge for the current year

The tax assessed for the year is lower (2013 higher) than the standard rate of corporation tax in the UK of 22.5% (2013 23.75%)

	2014 £000	2013 £000
Loss on ordinary activities before tax	370	260
Current tax at 22.5% (2013 23.75%)	83	62
Effects of		
Adjustments in respect of previous years	-	-
Group relief	-	-
Permanent timing differences	(168)	(29)
Capital allowances in excess of depreciation	-	26
Other timing differences	-	6
	<u>(85)</u>	<u>65</u>

Reductions in the UK corporation tax rate from 24% to 25% (effective 1 April 2012) and to 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted at the balance sheet date. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 30 June 2013 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes (continued)

6 Investments

Group	Shares in Joint Venture £000
<i>Cost and net book value</i>	
At beginning of year	(2,467)
Current year profit	370
Current year property revaluation deficit	1,183
	<hr/>
At end of year	(914)
	<hr/>

a) *Subsidiary companies*

Investments in subsidiary undertakings included in the consolidation comprise the following

	Country of Incorporation	Principal Activity	Class and percentage of shares held
Langtree Midwest Limited	England and Wales	Intermediate holding company	Ordinary 100%
Langtree Midwest Nominees Limited	England and Wales	Intermediate holding company	Ordinary 100%

Langtree Midwest Limited owns a 49.95% share in PXP West Midlands Limited Partnership a company established to hold investments in a portfolio of properties in the West Midlands. Langtree Midwest Nominees Limited owns a 50% share in Advantage (General Partner) Limited a company established to manage the operation of the PXP property portfolio. Advantage (General Partner) Limited owns a 0.1% share of PXP West Midlands Limited Partnership. Through these two companies Langtree Ventures holds a 50% share in PXP West Midlands Limited Partnership. The remaining 50% share is retained by Advantage West Midlands who work in partnership with Langtree Group to operate, manage and develop the property portfolio.

b) *Joint ventures*

Gross investment in joint ventures is as follows

	2014 £000	2013 £000
Share of joint venture - current assets	20,709	18,921
Share of joint venture - current liabilities	(21,623)	(21,388)
	<hr/>	<hr/>
	(914)	(2,467)
	<hr/>	<hr/>

Notes (continued)

7 Cash at bank and in hand

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Cash at bank	21	15	21	15
	<u>21</u>	<u>15</u>	<u>21</u>	<u>15</u>

8 Debtors

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Amounts due from group undertakings	101	-	15	14 980
Other debtors	1	11	1	11
	<u>102</u>	<u>11</u>	<u>16</u>	<u>14,991</u>

Included within amounts due from group undertakings is £nil (2013 £14,980,000) in the form of loan stock, which is due from Langtree Midwest Limited to the company after more than one year. In the year a provision of £14,980,000 (2013 £nil) has been made in respect of amounts due from group undertakings.

9 Deferred tax

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Deferred tax				
At beginning of year	-	-	80	80
Charge/(credit) for the year	13	-	(80)	(80)
At end of year	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>

The amounts provided for deferred taxation are set out below

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Timing differences	13	-	-	-
	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes (continued)

10 Amounts due to group undertakings

	2014 £000	2013 £000
Amounts due to group undertakings	(85)	(85)
	<u>(85)</u>	<u>(85)</u>

11 Called up share capital

	2014 £000	2013 £000
<i>Authorised, allotted, called up and fully paid</i>		
50,000 A Ordinary Shares of £1 each	50	50
50,000 B Ordinary Shares of £1 each	50	50
Loan notes	15,260	15,260
	<u>15,360</u>	<u>15,360</u>

Share Rights

The A Ordinary Shares and B Ordinary Shares are separate classes of shares. A Ordinary Shares rank parri passu with B Ordinary Shares in all respects except as noted below.

The majority A Ordinary share holder has the right to appoint two Directors to the Board of Langtree Ventures Limited. The majority B Ordinary share holder has the right to appoint two Directors to the Board of Langtree Ventures Limited. The right to appoint and remove Directors through a majority shareholding is a class right of A Ordinary and B Ordinary Shares respectively.

Loan Notes represent capital contributions made at the inception of the company by its joint owners. There are no priority repayments and no repayment schedules have been established. There is no coupon rate and as such no interest is earned by the joint venture partners on these capital contributions. As such, the Loan Notes are treated as equity instruments in these financial statements.

Notes (continued)

12 Reserves

	Revaluation reserve £000	Profit and loss account £000	Total £000
Group			
At beginning of year	(15,720)	(2,155)	(17,875)
Profit and loss account for the year	-	443	443
Transfers	411	(411)	-
Revaluation loss	1,183	-	1 183
	<u> </u>	<u> </u>	<u> </u>
At end of year	(14,126)	(2,123)	(16,249)
	<u> </u>	<u> </u>	<u> </u>
Company			
At beginning of year	-	(15,334)	(15,334)
Profit and loss account for the year	-	-	-
	<u> </u>	<u> </u>	<u> </u>
At end of year	-	(15,334)	(15,334)
	<u> </u>	<u> </u>	<u> </u>

13 Reconciliation of movements in shareholders' (deficit)/funds

	Group 2014 £000	Company 2014 £000	Group 2013 £000	Company 2013 £000
Retained profit/(loss)	443	(14,980)	115	(81)
Share capital movement	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	443	(14,980)	115	(81)
Other recognised gains and losses during the year	1 183	-	(1,429)	-
Opening shareholders (deficit)/funds	(2,515)	15,006	(1 201)	15,087
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Closing shareholders (deficit)/funds	(889)	26	(2 515)	15,006
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

14 Ultimate parent company

At 30 June 2014 the Company was a wholly owned subsidiary of Langtree Land and Property plc, a company incorporated in England and Wales

The ultimate controlling party of the company is Langtree Real Estate Holdings Limited, a company registered in England and Wales, which heads the largest group into which the results of the Company are consolidated. Consolidated financial statements of Langtree Real Estate Holdings Ltd can be obtained from the company's registered office Centrix House, Crow Lane East, Newton-le-Willows, WA12 9UY