

**Lateral Property Group Limited**

**Directors' report and financial  
statements**

Registered number 7067427

30 April 2012



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## **Company information**

### **Directors**

PD Lunn  
SJ Redshaw  
K Redshaw

### **Company secretary**

JNR Wales

### **Registered office**

16 Victoria Avenue  
Harrogate  
HG1 1ED

### **Auditor**

KPMG LLP  
1 The Embankment  
Neville Street  
Leeds  
LS1 4DW

### **Bankers**

Barclays Bank plc  
69 Albion Street  
Leeds  
LS1 5AA

## Directors' report

The directors present their annual report and the audited financial statements of the company for the period ended 30 April 2012

### Review of the business and future developments

The company's principal activity is that of holding company of a group whose principal activities are that of acquiring vacant land and properties and income producing properties for asset enhancement through management, refurbishment and redevelopment for investment or onward sale at the appropriate time

The company generated a loss before taxation for the period of £231,403 (2011 £781,145 profit) The Directors are satisfied with the overall performance for the period

There have been no events since the balance sheet date which materially affect the position of the company

### Directors

The directors who held office during the year and up to the date of signing financial statements are given below

PD Lunn  
SJ Redshaw  
K Redshaw

### 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

The auditor, KPMG LLP, has indicated its willingness to continue in office and a resolution concerning its reappointment will be proposed at the Annual General Meeting

By order of the board



PD Lunn  
Director

16 Victoria Avenue  
Harrogate  
HG1 1ED

29 January 2013

## **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 year.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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**

1 The Embankment  
Neville Street  
Leeds  
LS1 4DW  
United Kingdom

**Independent auditor's report to the members of Lateral Property Group Limited**

We have audited the financial statements of Lateral Property Group Limited for the year ended 30 April 2012 set out on pages 6 to 13. 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 3, 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 (APB'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 APB's web-site 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 April 2012 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 Lateral Property Group 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

### **RI Moffatt (Senior Statutory Auditor)**

For and on behalf of

#### **KPMG LLP Statutory Auditor**

Chartered Accountants  
1 The Embankment  
Leeds  
West Yorkshire  
LS1 4DW

30 January 2013

**Profit and loss account**  
*for the year ended 30 April 2012*

	<i>Note</i>	<b>2012</b> £	<b>2011</b> £
<b>Turnover</b>	2	<b>128,500</b>	173,366
<b>Gross profit</b>		<b>128,500</b>	173,366
Administrative expenses		(9,891)	(340,654)
Administrative expenses – recurring		(9,891)	(48,654)
Administrative expenses - exceptional	3	-	(292,000)
<b>Operating profit/(loss)</b>		<b>118,609</b>	(167,288)
Dividends from group undertakings		-	1,177,373
Interest payable and similar charges	4	(350,012)	(228,940)
<b>(Loss)/profit on ordinary activities before taxation</b>	5	<b>(231,403)</b>	781,145
Tax on (loss)/profit on ordinary activities	6	(3,205)	-
<b>(Loss)/profit for the period</b>		<b>(234,608)</b>	781,145

All activities relate to continuing operations

The company has no recognised gains or losses other than as shown above and therefore no separate statement of total recognised gains and losses has been prepared

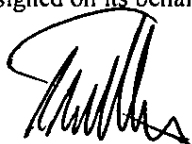
There is no difference between the loss on ordinary activities before taxation and the loss sustained for the period stated above, and their historical cost equivalents



**Balance sheet**  
*As at 30 April 2012*

	<i>Note</i>	<b>2012</b> £	<b>2011</b> £
<b>Fixed Assets</b>			
Investments	7	2,690,371	1,949,010
<b>Current assets</b>			
Debtors	8	1,049,036	1,092,283
Cash at bank and in hand		99,494	4,214
		<hr/>	<hr/>
<b>Creditors</b> amounts falling due within one year	9	1,148,530 (667,774)	1,096,497 (708,821)
		<hr/>	<hr/>
<b>Net current assets</b>		480,756	387,676
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		3,171,127	2,336,686
<b>Creditors</b> , amounts falling due after more than one year	10	(2,624,588)	(1,555,539)
		<hr/>	<hr/>
<b>Net assets</b>		546,539	781,147
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	2	2
Profit and loss account	12	546,537	781,145
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>		546,539	781,147
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 29 January 2013 and were signed on its behalf by



**PD Lunn**  
 Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### ***Basis of preparation***

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

#### ***Going Concern***

The directors consider the going concern to be appropriate based on the current net asset position and future earnings potential of the company and group.

#### ***Cash flow statement***

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

#### ***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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax assets relating to carry forward of unused tax losses are recognised to the extent that it can be regarded as more likely than not that future taxable profit will be available against which the unused losses can be utilised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### ***Consolidation***

The company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is a small sized group.

#### ***Investments in subsidiary undertakings and joint ventures***

The cost of investments in subsidiary undertakings and joint ventures is recorded as cash paid and any further costs connected with the acquisition. Expected future payments are discounted to present value before they are included in the cost. Provision is made where necessary to reduce the carrying value of an investment to its estimated recoverable amount where in the opinion of the directors there has been an impairment.

## Notes (continued)

### 1 Accounting policies (continued)

#### Turnover

Turnover represents amounts received for management services

### 2 Turnover

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

### 3 Exceptional administrative expenses

Exceptional administrative expenses have arisen as a result of a provision against intercompany debt from Lateral Development Projects Limited, a fully owned subsidiary company

### 4 Interest payable and similar charges

	2012 £	2011 £
Loan notes	61,156	27,236
Unwind of discount on deferred consideration	288,856	201,704
	<u>350,012</u>	<u>228,940</u>

### 5 Loss on ordinary activities

	2012 £	2011 £
Loss on ordinary activities before taxation is stated after charging		
Auditor remuneration	-	5,200
	<u>-</u>	<u>5,200</u>

The company has no employees. The directors held service contracts with, and were remunerated in, Lateral Property Services Limited.

### 6 Tax on loss on ordinary activities

	2012 £	2011 £
<i>Current tax</i>		
UK corporation tax on (loss)/profit for the period	3,205	-
Adjustments in respect of previous periods	-	-
	<u>3,205</u>	<u>-</u>
Total current tax	<u>3,205</u>	<u>-</u>

## Notes (continued)

### 6 Tax on loss on ordinary activities (continued)

#### Factors affecting the tax charge for the current period

The current tax charge for the period is less than the standard rate of corporation tax in the UK 20% (2011 27.9%) The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before taxation	(231,403)	781,145
<i>Current tax reconciliation</i>		
Current tax at the standard rate in the UK of 20% (2011 27.9%)	(46,281)	217,856
<i>Effects of</i>		
Non-taxable income	-	(328,358)
Disallowable expenses	58,577	87,362
Group relief surrendered not paid	-	23,140
Group relief claimed	(9,091)	-
Current tax on (loss)/profit on ordinary activities	3,205	-

### 7 Investments

	Interests in group undertakings £
At beginning of year	1,949,010
Additions	741,361
At end of year	2,690,371

The company has the following subsidiaries which are all registered in England and Wales, and operate in the United Kingdom. The company owns 50% of the issued share capital of Lateral Property Ventures Limited and the whole of the issued share capital of the other companies

## Notes (continued)

### 7 Investments (continued)

Name of Undertaking	Principal Activity	Description of Shares held
Lateral Property Ventures Limited	Acquiring income producing properties for asset enhancement for investment or onward sale	Ordinary £1 shares
Lateral Development Projects Limited	Acquiring vacant land and property or refurbishment, development and onward sale	Ordinary £1 shares
Lateral (Thorpe Park) Limited	Acquiring vacant land and property for refurbishment, development and onward sale	Ordinary £1 shares
Lateral (Reading) Limited	Acquiring vacant land and property for refurbishment, development and onward sale	Ordinary £1 shares
LPV Coppergate Limited	Dormant company	Ordinary £1 shares
Lateral Retail Developments Limited	Property development management	Ordinary 1p shares
Lateral Investment Management Limited	Property investment management	Ordinary £1 shares
Lateral Property Services Limited	Property management services	Ordinary £1 shares

The directors believe that the carrying value of the investments is supported by their underlying net assets and future earnings potential

### 8 Debtors

	2012 £	2011 £
Amounts owed by group undertakings	1,017,059	1,079,054
Directors current accounts	19,386	-
Prepayments	12,591	13,229
	<u>1,049,036</u>	<u>1,092,283</u>

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment

## Notes (continued)

### 9 Creditors: amounts falling due within one year

	2012 £	2011 £
Trade creditors	19,779	18,189
Amounts owed to group undertakings	-	23,850
Accruals	2,020	31,246
Other creditors	369,812	300,365
Directors' loan	958	132,006
Deferred Consideration	62,000	94,495
Loan notes	210,000	108,670
Corporation tax	3,205	-
	<u>667,774</u>	<u>708,821</u>

The amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment. It is not expected that the amount owed to a group undertaking will be paid in the next year.

The director's loan is with SJ Redshaw. Amounts are repayable should the lender demand payment of part or whole of the loan in writing. Interest is payable at 2% above that on the bank borrowings of the group.

The loan notes and deferred consideration relate to the acquisition of 100% of the share capital of Lateral Property Ventures Limited, Lateral Development Projects Limited, Lateral (Thorp Park) Limited and LPV Coppergate Limited in January 2010.

### 10 Creditors: amounts falling due after more than one year

	2012 £	2011 £
Loan notes	577,614	634,611
Deferred Consideration	1,761,468	920,928
Other creditors	285,506	-
	<u>2,624,588</u>	<u>1,555,539</u>

### 11 Called up share capital

	2012 £	2011 £
Allotted and fully paid		
Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

## Notes (continued)

### 12 Reserves

	Profit and loss account £
At beginning of period	781,145
Loss for the period	(234,608)
	<hr/>
At end of period	546,537
	<hr/>

### 13 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
(Loss)/profit for the period	(234,608)	781,145
Opening shareholders' funds	781,147	2
	<hr/>	<hr/>
Closing shareholders' funds	546,539	781,147
	<hr/>	<hr/>

### 14 Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard No 8 "Related Party Disclosure" from disclosing related party transactions with other wholly owned entities of the Lateral Property Group

#### *a) Provision of services to joint ventures*

	2012 £	2011 £
Lateral Property Ventures Limited	7,217	9,500
	<hr/>	<hr/>
	7,217	9,500

#### *e) Balances owed by directors of the company at 30 April 2012*

	2012 £	2011 £
PD Lunn	19,386	-
	<hr/>	<hr/>
	19,386	-
	<hr/>	<hr/>

The loan is interest free and repayable on demand. The maximum amount outstanding during the year was £19,386 (2011: £nil).