

Lateral Property Group Limited

**Directors' report and financial
statements**

Registered number 7067427

30 April 2013

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Company information

Directors

PD Lunn
SJ 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 2013

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 profit before taxation for the period of £102,525 (2012 loss £231,403) 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 (resigned 7 August 2013)

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

27 January 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 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 2013 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 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 30 April 2013 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 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



Andrew Sills (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
1 The Embankment
Leeds
West Yorkshire
LS1 4DW

29 January 2014

Profit and loss account
for the year ended 30 April 2013

	<i>Note</i>	2013 £	2012 £
Turnover	2	128,000	128,500
Gross profit		128,000	128,500
Administrative expenses		(21,299)	(9,891)
Operating profit		106,701	118,609
Dividends from group undertakings		185,600	-
Interest payable and similar charges	3	(189,776)	(350,012)
Profit/(loss) on ordinary activities before taxation	4	102,525	(231,403)
Tax on profit/(loss) on ordinary activities	5	-	(3,205)
Profit/(loss) for the period		102,525	(234,608)

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 profit on ordinary activities before taxation and the profit sustained for the period stated above, and their historical cost equivalents

Balance sheet

As at 30 April 2013

	Note	2013 £	2012 £
Fixed Assets			
Investments	6	1,726,345	2,690,371
Current assets			
Debtors	7	1,119,522	1,049,036
Cash at bank and in hand		-	99,494
		<u>1,119,522</u>	<u>1,148,530</u>
Creditors amounts falling due within one year	8	(803,205)	(667,774)
Net current assets		<u>316,317</u>	<u>480,756</u>
Total assets less current liabilities		<u>2,042,662</u>	<u>3,171,127</u>
Creditors amounts falling due after more than one year	9	(1,393,598)	(2,624,588)
Net assets		<u>649,064</u>	<u>546,539</u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	649,062	546,537
Equity shareholders' funds		<u>649,064</u>	<u>546,539</u>

These financial statements were approved by the board of directors on 27 January 2014 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 Interest payable and similar charges

	2013 £	2012 £
Loan notes	66,147	61,156
Unwind of discount on deferred consideration	123,629	288,856
	<u>189,776</u>	<u>350,012</u>

4 Profit/(loss) on ordinary activities

	2013 £	2012 £
Profit/(loss) on ordinary activities before taxation is stated after charging		
Auditor remuneration	4,250	-
	<u>4,250</u>	<u>-</u>

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

5 Tax on profit/(loss) on ordinary activities

	2013 £	2012 £
<i>Current tax</i>		
UK corporation tax on profit/(loss) for the period	-	3,205
Adjustments in respect of previous periods	-	-
	<u>-</u>	<u>3,205</u>
Total current tax	<u>-</u>	<u>3,205</u>

Notes (continued)

5 Tax on profit/(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 24.09% (2012 20%) The differences are explained below

	2013 £	2012 £
Profit/(loss) on ordinary activities before taxation	102,525	(231,403)
<i>Current tax reconciliation</i>		
Current tax at the standard rate in the UK of 24.09% (2012 20%)	24,698	(46,281)
<i>Effects of</i>		
Non-taxable income	(44,711)	-
Disallowable expenses	31,407	58,577
Group relief surrendered not paid	-	-
Group relief claimed	(11,394)	(9,091)
Current tax on loss on ordinary activities	-	3,205

6 Investments

	Interests in group undertakings £
At beginning of year	2,690,371
Additions	2
Revaluation of contingent consideration	(964,028)
At end of year	1,726,345

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)

6 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
Lateral Property Developments Limited	Dormant company	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

7 Debtors

	2013 £	2012 £
Amounts owed by group undertakings	967,183	1,017,059
Directors current accounts	139,754	19,386
Prepayments	12,585	12,591
	<u>1,119,522</u>	<u>1,049,036</u>

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

Notes (continued)

8 Creditors: amounts falling due within one year

	2013 £	2012 £
Trade creditors	15,803	19,779
Amounts owed to group undertakings	78,920	-
Bank overdraft	51	2,020
Accruals	11,433	-
Other creditors	282,038	369,812
Directors' loan	-	958
Deferred Consideration	100,000	62,000
Loan notes	315,000	210,000
Corporation tax	-	3,205
	<u>803,245</u>	<u>667,774</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 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 (Thorpe Park) Limited and LPV Coppergate Limited in January 2010.

9 Creditors: amounts falling due after more than one year

	2013 £	2012 £
Loan notes	577,614	577,614
Deferred Consideration	778,108	1,761,468
Other creditors	37,876	285,506
	<u>1,393,598</u>	<u>2,624,588</u>

10 Called up share capital

	2013 £	2012 £
Allotted and fully paid		
Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Notes (continued)

11 Reserves

	Profit and loss account £
At beginning of period	546,537
Profit for the period	102,525
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At end of period	649,062
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12 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit/(loss) for the period	102,525	(234,608)
Opening shareholders' funds	546,539	781,147
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Closing shareholders' funds	649,064	546,539
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13 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

	2013 £	2012 £
Lateral Property Ventures Limited	7,000	7,217
Lateral Retail Developments Limited	1,750	-
Lateral (Reading) Limited	500	-
	<hr/>	<hr/>
	9,250	7,217

b) Balances owed by directors of the company at 30 April 2013

	2013 £	2012 £
PD Lunn	121,054	19,386
SJ Redshaw	18,700	-
	<hr/>	<hr/>
	139,754	19,386
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The loans are interest free and repayable on demand. The maximum amount outstanding during the year was £139,754 (2012: £19,386).