Horizon Hotel Investments Limited

Report and Financial Statements

For the year ended 31 December 2014

Company Number **SC283164**

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Company Information

Board of Directors	P S Dickson A J N Hewitt
Company Secretary	Lloyds Secretaries Limited
Registered office	Level 1 Citymark 150 Fountainbridge Edinburgh EH3 9PE
Independent Auditors	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX
Bankers	Lloyds TSB Bank plc 25 Gresham Street London EC2V 7HN Bank of Scotland plc The Mound Edinburgh EH1 1YZ
Company Number	SC283164

Directors' Report

The Directors are pleased to present their report and audited financial statements for Horizon Hotel Investments Limited ('the Company') for the year ended 31 December 2014. The Company is a limited company both incorporated and domiciled in the United Kingdom.

Principal activities and review of the business

The Company operates as a property investment company, investing specifically in hotels. On 23 June 2014 the Company disposed its last remaining property to an unrelated third party for £3,650,000.

Results and dividends

Net profit for the Company for the year ended 31 December 2014 was £614,806 (2013: loss £870,104). No dividends were paid during the year (2013: £nil).

Financial instruments

The financial risk management objectives and policies of the Company and the exposure to market risk, credit risk and liquidity risk are covered in note 17 to the financial statements.

Going concern

As set out in note 2 of the financial statements, the Directors are intending to wind up the company within 12 months from the signing of this Report and Financial Statements. Consequently it has not been deemed appropriate to prepare the financial statements under a going concern basis and therefore a basis other than going concern has been applied.

Strategic report: small companies exemption

The Company has adopted the exemption from preparing a strategic report, as the Company is entitled to prepare accounts for the year in accordance with the small companies regime.

Directors and their interests

The Directors of the company who are in office at the date of signing the financial statements and this report are as stated on page 3.

Dates of appointments and resignations during the year and up to the date of this report were as follows:

Director	Date of Appointment	Date of Resignation
B S Anderson	07 October 2014	10 February 2015
J J Green	-	30 June 2014
A W J Wilson	-	30 June 2014
A J N Hewitt	10 February 2015	-

Director's Report (continued)

Directors' indemnities

Lloyds Banking Group plc has granted to the Directors of the Company, including former directors who retired during the year, a deed of indemnity through deed poll which constituted 'third party indemnity provisions' and 'qualifying pension scheme indemnity provisions' for the purposes of the Companies Act 2006. The deeds were in force during the whole of the financial year or from the date of appointment in respect of the Director who joined the Board of the Company during the financial year. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this contract of indemnity during that period of service. The indemnities remain in force for the duration of a Director's period of office. The deeds indemnify the Directors to the maximum extent permitted by law. Deeds for existing Directors are available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

Company Secretary

The Company Secretary at the date of this report is as stated on page 3.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office should the entity require another audit prior to wind up.

Statement of Director's responsibilities

The directors are responsible for preparing the Director's 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). 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 accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union, and IFRSs as issued by the International Accounting Standards Board (IASB), 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Director's Report (continued)

Disclosure of information to independent auditors

In the case of each of the persons who are Directors of the Company at the time when this report was approved, the following applies:

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Each of the Directors has taken all the steps that ought to have been taken as a Director of the Company in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Signed on behalf of Horizon Hotel Investments Limited:

Pamela S Dickson
....
P S Dickson
Director 29 June 2015

Independent auditors' report to the members of Horizon Hotel Investments Limited

Report on the financial statements

Our opinion

In our opinion, Horizon Hotel Investments Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Basis of preparation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 and 2 to the financial statements concerning the basis of accounting. Following the year end the Directors have decided that the company will be wound up during the next financial year. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 and 2 to the financial statements. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

What we have audited

Horizon Hotel Investments Limited's financial statements comprise:

- the Statement of Financial Position as at 31 December 2014;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Sheila Fazal

Sheila Fazal (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
29 June 2015

Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	2014	2013
		£	£
Rental income	4	271,702	326,672
Property expenses	5	-	(4,089)
Net rental and related income		271,702	322,583
Fair value adjustment of investment property	12	-	(1,239,213)
Realised gain/(loss) on investment property		85,270	(365,152)
Other operating expenses	6	(9,097)	(33,382)
Net other income/(expense)		76,173	(1,637,747)
Operating profit/(loss) before financing costs		347,875	(1,315,164)
Finance cost	7	(54,086)	(69,866)
Finance income		147	-
Net finance costs		(53,939)	(69,866)
Profit/(loss) before tax		293,936	(1,385,030)
Income tax credit	8	320,870	514,926
Profit/(loss) after tax		614,806	(870,104)

There are no other items of comprehensive income other than those shown above. Accordingly the profit for the year is the same as the total comprehensive profit for the year.

The accompanying notes on pages 13 to 22 form part of these financial statements.

Statement of Financial Position

As at 31 December 2014

	Note	2014 £	2013 £
Assets			
Non current assets			
Investment property	12	-	3,550,000
Deferred tax asset	10	-	46,044
Total non current assets		-	3,596,044
Current assets			
Trade and other receivables	11	43,718	65,801
Current tax asset	9	366,914	-
Cash and cash equivalents	16	352,328	2,005,837
Total current assets		762,960	2,071,638
Total assets		762,960	5,667,682
Equity and Liabilities			
Equity			
Issued capital	13	100	100
Accumulated losses		(7,955,590)	(8,570,396)
Total equity		(7,955,490)	(8,570,296)
Current liabilities			
Amounts due to fellow subsidiary undertaking	19	8,674,729	14,070,644
Trade and other payables	14	43,721	83,795
Current tax liability	9	-	83,539
Total current liabilities		8,718,450	14,237,978
Total liabilities		8,718,450	14,237,978
Total equity and liabilities		762,960	5,667,682

Company Number: SC283164

The financial statements on pages 9 to 22 were approved by the Board of Directors at a meeting on 29 June 2015 and signed on its behalf by:

....

P S Dickson

Director

The accompanying notes on pages 13 to 22 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2014

	Issued Capital £	Accumulated Profit/(Losses) £	Total £
Balance at 1 January 2014	100	(8,570,396)	(8,570,296)
Profit after taxation	-	614,806	614,806
Balance at 31 December 2014	100	(7,955,590)	(7,955,490)

For the year ended 31 December 2013

	Issued Capital £	Accumulated Losses £	Total £
Balance at 1 January 2013	100	(7,700,292)	(7,700,192)
Loss after taxation	-	(870,104)	(870,104)
Balance at 31 December 2013	100	(8,570,396)	(8,570,296)

The accompanying notes on pages 13 to 22 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014	2013
		£	£
Cash flows from operating activities			
Operating profit/(loss) before financing cost		347,875	(1,315,164)
Fair value adjustment of investment property		-	(1,239,213)
Realised (gain)/loss on investment property		(85,270)	365,152
Adjusted operating profit		262,605	289,201
Decrease/(increase) in trade and other receivables		22,083	(33,086)
(Decrease)/Increase in trade and other payables		(40,074)	18,430
(Decrease)/increase in tax liabilities		(83,539)	246
Cash used in operations		(101,530)	(14,410)
Net cash generated from operating activities		161,075	274,791
Cash flows from investing activities			
Disposals		3,650,000	2,960,004
Capital expenditure additions		(14,730)	(254,369)
Net cash generated from investing activities		3,635,270	2,705,635
Cash flows from financing activities			
Decrease in borrowings due to fellow subsidiary undertaking		(5,395,915)	(904,723)
Interest received		147	-
Interest paid		(54,086)	(69,866)
Net cash used in financing activities		(5,449,854)	(974,589)
Net (decrease)/increase in cash and cash equivalents		(1,653,509)	2,005,837
Cash and cash equivalents at beginning of year		2,005,837	-
Cash and cash equivalents at 31 December	16	352,328	2,005,837

The accompanying notes on pages 13 to 22 form part of these financial statements.

Notes to the financial statements

1. Basis of preparation

The financial statements have been prepared in accordance with:

(1) the International Accounting Standards ("IASs") and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and the Standards and Interpretations ("SICs") and International Financial Reporting Interpretations ("IFRICs") issued by its IFRS Interpretations Committee, as endorsed by the European Union; and

(2) the Companies Act 2006, so far as applicable to the company.

Following the year end the Directors have decided that the Company will be dissolved during the next financial year. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern. No adjustments were necessary to the accounts as a result of this decision.

Standards and amendments to existing standards effective 1 January 2014

The following standards, amendments to and interpretations of published standards have been issued and are relevant to the Company's operations:

- IFRS 10, 'Consolidated financial statements'.
- IFRS 12, 'Disclosures of interests in other entities'.
- IFRIC 21, 'Levies'.
- Amendment to IAS 32, 'Financial instruments: Presentation'.
- Amendment to IAS 36, 'Impairment of assets'.
- Amendment to IAS 39, 'Financial instruments: Recognition and Measurement'.

Standards and interpretations in issue but not adopted early

The following standards and amendments to published standards are optional for the current accounting year beginning on 1 January 2014 but the Company has not elected to adopt early:

- Amendments to IFRS 9, 'Financial instruments' (effective 1 January 2018).
- IFRS 15 'Revenue from contracts with customers' (effective 1 January 2017).

The Directors of the Company anticipate that the adoption of these standards and interpretations in future periods will have no material financial impact on the financial statements.

Standards and interpretations in issue but not relevant

There are no other standards and amendments to published standards that are mandatory for the current accounting year beginning on 1 January 2014 that are relevant to the Company.

Notes to the financial statements (continued)

2. Going concern – Principles underlying going concern assumption

Given that the Company no longer holds any investment property and has no intention to acquire new assets, it is the intention of the Directors of the Company to terminate the Company. The Directors have considered the balance sheet of the Company and are satisfied on the basis that the Company has sufficient resources from its immediate parent undertaking that there are adequate resources available to cover the residual matters arising from the Company's prior activities. Once all such matters have been resolved, the Directors of the Company intend to terminate the Company within 12 months of the signing of the Financial Statements. The Directors of the Company have therefore prepared the financial statements on a basis other than going concern. No adjustments were necessary to the accounts as a result of this decision.

3. Summary of significant accounting policies

The Company has identified the accounting policies that are the most significant to its business operations and the understanding of its results. The principal accounting policies adopted in these financial statements were applied consistently throughout the years presented, unless otherwise stated.

The significant accounting policies adopted in the preparation of the financial statements are set out below:

(a) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.
The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty in these financial statements, which together are deemed critical to the Company's results and financial position, are discussed below.

Critical accounting estimates and assumptions

There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical judgements in applying the entity's accounting policies

(i) Deferred tax

The recognition of deferred tax assets requires management judgement in determining the extent and amount which should be recognised. Estimates of future taxable income/profits are made and management judgement is exercised as to whether these estimates indicate if the deferred tax asset can be recovered and when.

(b) Revenue and expense

Rental income from investment property leased out under operating lease is recognised in the income statement as it falls due for payment. The Company leases out its investment properties on an operating lease which is terminable by the Company providing three month's notice to the tenant.

All other income and expenditure is recognised on an accruals basis.

Notes to the financial statements (continued)

3. Summary of significant accounting policies (continued)

(c) Investment properties

Investment properties, which are defined as properties which are held either to earn rental income or for capital appreciation or both, are initially recognised at cost and are fair valued at least annually. The fair value is taken to be the Market Value as defined in the Appraisal and Valuation Standards Manual issued by the Royal Institution of Chartered Surveyors ("RICS") of the United Kingdom. Any gains or losses arising from a change in the fair value are recognised in the Statement of Comprehensive Income in the period that they occur. Investment properties are not depreciated. The Company has disposed of its last remaining property during the year.

(d) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

(e) Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than investing or other purposes. Cash and cash equivalents consist of cash balances at banks that are freely available.

(f) Impairment

The carrying amounts of the Company's assets, and deferred tax assets, are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

(i) Calculation of recoverable amount

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Trade and other payables

Trade and other payables are stated at cost.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(h) Net finance costs

Net finance costs relate to interest income and interest payable on borrowings and are recognised in the Statement of Comprehensive Income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently.

Interest income and interest payable presented in the Statement of Comprehensive Income include interest on financial assets/liabilities at amortised cost on an effective interest rate basis.

(i) Taxation

Current income tax which is payable/receivable on taxable profits/losses is recognised as an expense/credit in the period in which the profits/losses arise. The current income tax charge/income is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates that have been enacted or substantially enacted by the Statement of Financial Position date, which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. The tax effects of losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred and current tax assets and liabilities are offset when they arise in the same tax reporting group and where there is both a legal right of offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

4. Gross rental income

	2014	2013
	£	£
Gross lease receivables	271,702	326,672

5. Property operating expenses

	2014	2013
	£	£
Rent payable	-	1,069
Consultancy Fees	-	3,020
	-	4,089

Notes to the financial statements (continued)

6. Other operating expenses

	2014	2013
	£	£
Insurance	3,350	23,738
Professional fees	8,747	8,144
Audit fees	(1,500)	1,500
Valuation fees	(1,500)	-
	9,097	33,382

The auditors received no fees in respect of non-audit services to the Company (2013: £nil). The auditors' fee for the audit of the 2014 financial statements is £1,500, which has been borne by the ultimate parent company and not recharged to the company. The credit for the 2014 audit fees represents the 2013 accrual being reversed as the fees are now being borne by the parent company.

The Company had no employees during the year (2013: none).

7. Finance costs

	2014	2013
	£	£
Interest expense	(54,086)	(69,866)
Net finance costs	(54,086)	(69,866)

8. Income tax credit

Recognised in the Statement of Comprehensive Income

	2014	2013
	£	£
Current year credit/(charge)	366,914	(47,337)
Deferred tax (charge)/credit	(46,044)	562,263
Total income tax credit in Statement of Comprehensive Income	320,870	514,926

Reconciliation of effective tax rate

	2014	2013
	£	£
Profit/(loss) on ordinary activities before tax	293,936	(1,385,030)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%)	(63,196)	322,019
Expenses not deductible for tax purposes	-	(249)
Impact of change in tax rate	3,465	(12,891)
Capital gains covered by losses	380,453	471,600
Impairment	-	(288,117)
Prior year adjustment	148	22,564
Total income tax credit in Statement of Comprehensive Income	320,870	514,926

Notes to the financial statements (continued)

9. Current tax asset and liability

The current tax asset of £366,914 (2013: liability £83,539) represents the amount of group relief payable in respect of the current and prior years. The Company is subject to the UK current rate of Corporation Tax.

The Finance Act 2013 (the Act) was substantively enacted on 2 July 2013. The Act further reduced the main rate of corporation tax to 21 per cent with effect from 1 April 2014 and 20 per cent with effect from 1 April 2015.

10. Deferred tax

Recognised deferred tax (asset)/liability

Deferred tax liability is attributable to the following:	**2014**	2013
	£	£
Capital allowances	-	(46,044)

Movement in temporary differences in the year

	2014	2013
	£	£
Balance at 1 January	(46,044)	516,219
Deferred tax current year	49,657	(556,497)
Adjustments in respect of prior years	(148)	(18,657)
Change in tax rate - income	(3,465)	12,891
Balance at 31 December	-	(46,044)

Deferred tax assets have not been recognised in respect of capital losses carried forward as there are no predicted future capital profits. Capital losses can be carried forward indefinitely.

11. Trade and other receivables

	2014	2013
	£	£
Trade receivables and prepayments	43,718	65,801

12. Investment property

	2014	2013
Completed Property	**£**	£
Balance at 1 January	3,550,000	7,860,000
Disposal proceeds	(3,650,000)	(2,960,004)
Additions	14,730	254,369
Realised gain/(loss)	85,270	(365,152)
Fair value adjustment	-	(1,239,213)
Balance at 31 December	-	3,550,000

The investment property was re-valued by a RICS registered independent appraiser having the relevant experience in the location and category of the property being valued. The valuations were carried out in compliance with the Practice Statements contained within the RICS Appraisal and Valuation Standards Manual.

Notes to the financial statements (continued)

13. Issued capital and reserves

The distributable reserves of the Company are managed through the Group Capital and Funding Policy in order to maximise capital efficiency within the Group. Dividends are paid from reserves available for distribution to the parent undertaking twice a year according to parameters set out at a Group level so as to avoid any build up of reserve balances within the Company.

Issued capital	**Ordinary shares**	
	2014	2013
	£	£
Authorised		
1,000 Ordinary Shares of £1 each	1,000	1,000
Issued		
100 Ordinary Shares of £1 each	100	100

The holder of the ordinary shares is entitled to receive dividends as declared from time to time and is entitled to vote at meetings of the Company.

14. Trade and other payables

	2014	2013
	£	£
Other trade payables	43,721	74,569
Non-trade payables and accrued expenses	-	9,226
	43,721	83,795

15. Operating leases

The Company leases out its investment properties on an operating lease which is terminable by the Company providing one month's notice to the tenant. The rental income relates to rent due to the Company under the operating lease.

16. Cash and cash equivalents

	2014	2013
	£	£
Bank balances	352,328	2,005,837
Cash and cash equivalents in the Statement of Cash Flows	352,328	2,005,837

17. Financial instruments

The Company's financial instruments comprise receivable and payables that arise directly from its operations. There are no classes of business which require separate disclosure.

Notes to the financial statements (continued)

17. Financial instruments (continued)

(a) Governance framework

The Company's immediate parent is Horizon Capital 2000 Limited with an intermediate parent of Bank of Scotland plc ("BOS") whose ultimate parent is Lloyds Banking Group plc ("Group"). BOS has established a financial risk management function with clear terms of reference and with the responsibility for implementing the Lloyds Banking Group framework and monitoring the policies on financial risks.

The risks related to the Company's activities are regularly evaluated.

The key financial risks relevant to the Company are credit risk, market risk, interest rate risk and liquidity risk.

(b) Financial risks

(i) Credit risk

Credit risk is the risk of financial loss from a counterparty's failure to settle financial obligations as they fall due. All amounts relate to entities which are subsidiaries of the same ultimate parent company and therefore credit risk is not deemed to be significant.

The table below sets out the maximum exposure to credit risk at the Balance Sheet date.

	2014	2013
	£	£
Cash and cash equivalents	352,328	2,005,837
	352,328	2,005,837

Cash and cash equivalents are carried at amortised cost, whereby any indication of impairment would result in an immediate write-down of the carrying value. These instruments consist of bank balances placed with the Group and at the reporting date none of these balances were considered past due or impaired, neither were there any financial assets that would otherwise be past due or impaired had their terms not been renegotiated.

(ii) Market risk

Market risk is defined as the potential loss in value or earnings of the Company arising from fair value changes in the values of assets and liabilities from fluctuations in market prices, interest rates or foreign exchange rates.

At the reporting date the Company's only exposure to market risk arose from interest rate risk, as all transactions and balances were denominated in Sterling and no equity share investments were held.

(iii) Interest rate risk

Interest rate risk exists where the Company's financial assets and liabilities have interest rates set under different bases, or which reset at different times.

The Company's cash and cash equivalent balances generate variable interest income and arise from the reinvestment of surplus liquid funds. The financial liabilities comprise fixed rate borrowings provided by another Group company and they are used to finance the Company's inventories.

As at the 31 December 2014 the Company held £352,328 (2013: £2,005,837) in a Lloyds Bank account. The account does not pay interest and therefore interest rate risk is not deemed to be significant.

Notes to the financial statements (continued)

17. Financial instruments (continued)

(b) Financial risks (continued)

(iv) Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows relating to assets, liabilities and off-Balance Sheet instruments.

The Company's short term liquidity requirements are supported by a facility with another Group company subject to internal limits. Overall liquidity risk is managed in line with the Lloyds Banking Group High Level Group Liquidity and Funding Policy.

Lloyds Banking Group plc manages its liquidity risk within the risk appetite as defined by its Board and to ensure that it can in all circumstances meet its obligations as they fall due.

All funding is provided by the Group and the table below sets out the cash flows payable by the Company in respect of financial liabilities, by remaining contractual undiscounted repayments of principal and interest at the Statement of Financial Position date.

As at 31 December 2014

Maturity of contractual liabilities	Up to 1 month	1-3 months	3-12 months	Total
	£	£	£	£
Amounts due to fellow subsidiary undertaking	8,674,729	-	-	8,674,729
Trade and other payables	-	43,721	-	43,721
Total liabilities	8,674,729	43,721	-	8,718,450

As at 31 December 2013

Maturity of contractual liabilities	Up to 1 month	1-3 months	3-12 months	Total
	£	£	£	£
Amounts due to fellow subsidiary undertaking	14,070,644	-	-	14,070,644
Current tax liability	-	-	83,539	83,539
Trade and other payables	-	83,795	-	83,795
Total liabilities	14,070,644	83,795	83,539	14,237,978

18. Parent undertakings

The Company's immediate parent company is Horizon Capital 2000 Ltd.

The company regarded by the Directors as the ultimate parent undertaking and controlling party is Lloyds Banking Group plc which is incorporated in Scotland. Lloyds Banking Group plc will produce consolidated financial statements for the year ended 31 December 2014. Copies of the annual report and financial statements of Lloyds Banking Group plc for the year ended 31 December 2014 may be obtained from Lloyds Banking Group's office at The Mound, Edinburgh, EH1 1YZ.

Notes to the financial statements (continued)

19. Related parties

The Company has a related party relationship with its ultimate parent Lloyds Banking Group plc. A number of banking transactions are entered into with Lloyds Banking Group plc in the normal course of business including loans and deposits. As at the 31 December 2014 the Company had £352,328 (2013: £2,005,837) on deposit in a corporate current account. During the year to 31 December 2014 the Company had received no interest from this account (2013: £nil).

The Company also has a related party relationship with its fellow subsidiary undertaking Horizon Resources Limited. This relationship has arisen due to the provision of funding to the Company. For the year ended 31 December 2014 £54,086 (2013: £69,866) was payable in respect of intercompany loan interest. As at the 31 December 2014 a total of £8,674,729 (2013: £14,070,644) was payable to Horizon Resources Ltd by the Company.

The emoluments of the Directors are paid by a fellow group undertaking on behalf of the ultimate parent, Lloyds Banking Group plc, which makes no recharge to the Company.

The Directors are also directors of a number of other subsidiaries of Lloyds Banking Group plc and are also substantially engaged in the managing of their respective business areas within the Commercial Division of Lloyds Banking Group plc. Given this, it is not possible to make an accurate apportionment of Directors' emoluments in respect of the services to each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of the Directors. The total emoluments of the Directors are included in the financial statements of the ultimate parent company, Lloyds Banking Group plc.