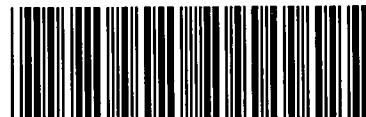


Vico Properties (Northern) Limited

Reports and Financial Statements for the year ended 31 December 2013

Company Registration No: 2524533

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VICO PROPERTIES (NORTHERN) LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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VICO PROPERTIES (NORTHERN) LIMITED

DIRECTORS AND OTHER INFORMATION

DIRECTORS

Charles J. Carvill
Thomas Carvill
Michael Carvill

SECRETARY

Thomas Carvill (Resigned 1 June 2013)

INDEPENDENT AUDITORS

Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

SOLICITORS

Cannings Connolly
7th Floor
16 St Martin's-le-Grand
London
EC1A 4EE

REGISTERED OFFICE

7th Floor
16 St Martin's-le-Grand
London
EC1A 4EE

BANKERS

Northern Bank Limited (Trading as Danske Bank)
Donegal Square North
Belfast
BT16 JS

VICO PROPERTIES (NORTHERN) LIMITED

DIRECTORS' REPORT

The directors submit their annual report, together with the audited financial statements, for the year ended 31 December 2013.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was the development of property.

RESULTS AND DIVIDENDS

The loss after taxation for the year amounted to £119,324 compared to a loss of £2,188,485 in the preceding period. The directors do not recommend a payment of a dividend (2012: £Nil).

RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the property industry include a downturn in the property market, increase in interest rates, a shortage of available development land and delays in securing planning permissions. These risks are monitored by the directors on an ongoing basis.

FUTURE DEVELOPMENT

The company will continue to develop its properties and expects to investigate further projects and acquisitions as an expansion of its existing base of operations.

DIRECTORS

The present membership of the board is set out on page 2.

Thomas Carvill resigned as company secretary on 1 June 2013.

DIRECTORS' AND SECRETARY'S INTERESTS

None of the directors or secretary who held office at 31 December 2013 had an interest in the share capital of the company at 31 December 2013 or 1 January 2013.

The following shares were held by the directors who held office at 31 December 2013 in the ultimate parent undertaking, Vico Properties plc, at 31 December 2013 and 1 January 2013:

	Number of Ordinary Shares of Stg10p each	
	31/12/2013	01/01/2013
Charles J. Carvill	336,420	336,420
Thomas Carvill	328,410	328,410
Michael Carvill	970,157	732,915
	<hr/>	<hr/>

DIRECTORS' REPORT (CONTINUED)

AUDITORS

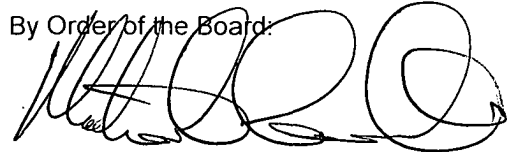
Each of the persons who is a director at the date of approval of this report confirms that:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte & Touche have expressed a willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By Order of the Board:

A handwritten signature in black ink, appearing to read 'Michael Carvill', written over a horizontal line.

Michael Carvill
Director

Date: 26 August 2014

VICO PROPERTIES (NORTHERN) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICO PROPERTIES (NORTHERN) LIMITED

We have audited the financial statements of Vico Properties (Northern) Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, Statement of Accounting Policies and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 auditors

As explained more fully in the Statement of Directors' Responsibilities, 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

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. In addition, we read all the financial and non-financial information in the annual report 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VICO PROPERTIES (NORTHERN) LIMITED

Emphasis of matter – going concern and stock valuation

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures given in notes 1 and 6 to the financial statements in relation to going concern and stock valuation.

- The company incurred a loss for the year of £119,324 and had net liabilities and net current liabilities of £5,161,759 at the balance sheet date. Bank loans at the balance sheet date amounted to £2,006,593 which are currently due for renewal. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The directors are confident that on-going discussions with the company bankers will have a satisfactory outcome and that bank facilities will continue to be available to meet the directors forecast of the cash requirements of the company for a minimum period of at least twelve months from the date of approval of the financial statements. The directors are satisfied that it is appropriate to continue to prepare the financial statements of the company on a going concern basis. The financial statements do not include any adjustments that would arise if the company were unable to continue as a going concern.
- The directors carried out a review of the net realisable value of the stock of development land and work in progress of £500,000 at 31 December 2013. Given the uncertain nature of the property market at present, a significant level of uncertainty exists in relation to these assumptions and any change in these assumptions could have a material input on the carrying value of stock in the financial statements. The ultimate outcome of these uncertainties cannot be determined at present. In carrying out their review, the directors have made assumptions taking account of information and advice from independent valuation experts and internal valuations. Given the uncertain nature of the property market at present, a significant level of uncertainty exists in relation to these assumptions and any change in these assumptions could have a material input on the carrying value of stock in the financial statements. The ultimate outcome of these uncertainties cannot be determined at present.

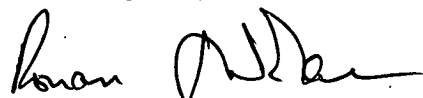
Opinion on other matter prescribed by the Companies Act 2006

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.

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 preparing a Strategic Report.



Ronan Nolan (Senior Statutory Auditor)
for and on behalf of Deloitte & Touche
Chartered Accountants and Statutory Auditor

Deloitte & Touche House
Earlsfort Terrace
Dublin 2

Date: 26/8/14

VICO PROPERTIES (NORTHERN) LIMITED

STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies adopted by the company are as follows:

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared on the going concern basis. The company's liabilities have been guaranteed by its ultimate parent undertaking, Vico Properties plc. Bank debt is reliant on the operation of cross guarantees that are in place within the group. Vico Properties plc has net liabilities of £14,616,687 (2012: £4,411,188).

ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention.

TURNOVER

Turnover comprises amounts received and receivable from property sales and rental income, net of value added tax.

TANGIBLE ASSETS

Tangible assets are stated at cost, less accumulated depreciation.

Depreciation on tangible fixed assets is provided on cost in equal annual instalments over the estimated lives of the assets. The annual rate of depreciation is as follows:

Motor vehicles	25%
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FINANCE COSTS

For properties in the course of development, cost includes finance costs from the commencement of development. These costs are normally calculated with reference to the actual interest rate applicable to the borrowings specific to the development.

The period of development for the purpose of capitalising finance costs is deemed to be completed as follows:

- (i) When the property is substantially let. Substantially let is defined as the date when 80% of the gross rental income becomes receivable.
- (ii) When the building is occupied in the case of pre-let properties.
- (iii) When income exceeds outgoings.

Finance costs are reduced by rental income received during the period of development.

VICO PROPERTIES (NORTHERN) LIMITED

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

STOCKS

Sites held for development or sites for which no contract of sale exists are stated at the lower of cost and net realisable value.

Sites in the course of development for which irrevocable contracts of sale exist are stated at a valuation which includes cost and an appropriate portion of the anticipated profit on sale. Progress payments received are deducted from the valuation of work in progress.

Cost represents the expenditure incurred on site, materials, direct labour and overheads in bringing the work in progress to its present condition.

PENSION COSTS

Pension costs charged to the profit and loss account are based on the amount of the contributions payable in respect of the particular accounting period.

TAXATION

Corporation tax is provided on taxable profits at current rates.

Deferred taxation 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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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 substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent that they are regarded as recoverable.

VICO PROPERTIES (NORTHERN) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	12 months to 31/12/2013 £	18 months to 31/12/2012 £
TURNOVER	2	553,115	117,260
Cost of sales		(547,922)	(220,557)
GROSS PROFIT/(LOSS)		5,193	(103,297)
Administrative expenses		(24,517)	(34,580)
Impairment charge	6	(100,000)	(2,050,635)
Interest receivable		-	27
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(119,324)	(2,188,485)
Taxation	5	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	10/11	(119,324)	(2,188,485)

All recognised gains and losses have been reflected in this profit and loss account. There were no movements in shareholders' funds other than the recognised gains and losses in the current year and prior period. All profits and losses arose from continuing activities in the current year and prior period.

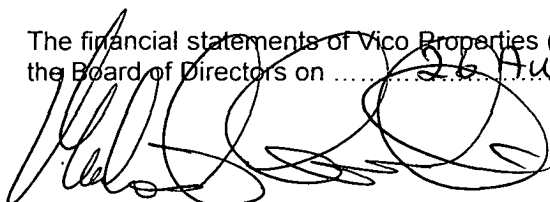
VICO PROPERTIES (NORTHERN) LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2013

Company Registration Number: 2524533

	Notes	31/12/2013 £	31/12/2012 £
CURRENT ASSETS			
Stocks	6	500,000	1,065,570
Debtors	7	-	34,476
Cash at bank		7,524	8,471
		<u>507,524</u>	<u>1,108,517</u>
CREDITORS: (Amounts falling due within one year)	8	(5,669,283)	(6,150,952)
NET LIABILITIES		<u>(5,161,759)</u>	<u>(5,042,435)</u>
CAPITAL AND RESERVES			
Called-up share capital	9	100	100
Profit and loss account – deficit	10	(5,161,859)	(5,042,535)
SHAREHOLDERS' DEFICIT	11	<u>(5,161,759)</u>	<u>(5,042,435)</u>

The financial statements of Vico Properties (Northern) Limited, registered number 2524533, were approved by the Board of Directors on 26 August 2014 and signed on its behalf by:



Michael Carvill
Director

VICO PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

1. GOING CONCERN

The directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements particularly as the Profit and Loss Account indicates that the Company incurred a loss of £119,324 for the year ended 31 December 2013 (31/12/2012: £2,188,485) and Note 8 to the Balance Sheet shows that the Company had Bank and Other Loans of £2,006,593 (31/12/2012: £2,471,715) on that date and that the Company had net liabilities of £5,161,759 (31/12/2012: £5,042,435).

The directors have reviewed the current and projected financial position of the group. The key areas reviewed include, the timing and value of property sales, committed future expenditure and the continued availability of existing banking facilities.

Subsequent to the year end the group has continued to work towards maximising the value of its assets. The directors are hopeful the group will secure planning permission on a number of other sites which would enable the group to make further sales in the coming twelve months.

The directors have taken further steps to reduce cash outflows by significantly reducing group overhead and by careful management of the professional fee expenditure required to keep existing projects moving forward.

All of the group's banking facilities fall due for renewal currently. The group has deferred interest payments on bank loans with some financial institutions due at the end of December 2013. Discussions continue with the group bankers and the directors are confident that there will be a successful outcome to these discussions and that the banking facilities will continue to be made available for a minimum period which will extend to at least twelve months from the date of approval of these financial statements.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the group's and company's ability to continue as a going concern. Having considered the uncertainties described above the directors are confident that the group and company will have adequate resources available to continue in operational existence for the foreseeable future. The directors are, therefore, of the opinion that it is appropriate to adopt the going concern basis in preparing these financial statements. The financial statements do not include the adjustments to the carrying amount or classification of assets and liabilities that would arise if the company was unable to continue as a going concern.

2. TURNOVER

	12 months to 31/12/2013	18 months to 31/12/2012
	£	£
Sale of property	500,000	-
Rental income	53,115	117,260
	<u>553,115</u>	<u>117,260</u>

VICO PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	12 months to 31/12/2013 £	18 months to 31/12/2012 £
---	------------------------------------	------------------------------------

The loss on ordinary activities before taxation
has been arrived at after charging:

Directors' remuneration
Auditor's remuneration

-	-
-	-

Auditor's remuneration is borne by another group company.

4. EMPLOYEES AND REMUNERATION	12 months to 31/12/2013 £	18 months to 31/12/2012 £
-------------------------------	------------------------------------	------------------------------------

Wages and salaries
Social security costs
Pension costs

13,529	20,943
832	1,364
-	-
14,361	22,307

12 months to 31/12/2013 £	18 months to 31/12/2012 £
------------------------------------	------------------------------------

The average number of employees during
the year was as follows:

Administrative

1	1
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VICO PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

5. TAXATION	12 months to 31/12/2013 £	18 months to 31/12/2012 £
Taxation credit	-	-
Loss on ordinary activities before tax	(119,324)	(2,188,485)
Factors affecting the tax charge in the year/period:		
Tax at 23% (2012: 25%)	(27,445)	(547,121)
Losses available for Group loss relief and use in future years	27,445	547,121
	-	-

The company has tax losses of £4,894,370 (2012: £4,775,046) that are available for offset against future taxable profits. A deferred tax asset of £1,125,705 (2012: £1,193,762) has not been recognised in respect of these losses as there is uncertainty as to when sufficient future taxable profits will be available to utilise these losses.

6. STOCKS	31/12/2013 £	31/12/2012 £
Sites held for development	500,000	1,065,570

Over the financial year the company continued to monitor the carrying value of stock. As a result of the continuing difficult market environment the directors have determined that the carrying value of the stocks has suffered a further impairment of £100,000 in the year (2012: £2,050,635). As such the company has recorded a write down to bring the carrying value of inventories to be recorded in the balance sheet to the lower of cost and net realisable value.

Sites held for development include interest capitalised net of rent received of £Nil (2012: £Nil).

The directors carried out a review of the net realisable value at 31 December 2013. Given the uncertain nature of the property market at present, a significant level of uncertainty exists in relation to these assumptions and any change in these assumptions could have a material impact on the carrying value of stock in the financial statements. At the end of the year stock of £500,000 was based on internal valuations by the directors.

7. DEBTORS	31/12/2013 £	31/12/2012 £
Trade debtors	-	15,941
Vat refundable	-	18,535
	-	34,476

VICO PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

8. CREDITORS: (Amounts falling due within one year)	31/12/2013 £	31/12/2012 £
Bank loans	2,006,593	2,471,715
Amounts due to group companies	3,489,343	3,539,091
Social security	531	637
Other creditors and deferred income	172,816	139,509
	<u>5,669,283</u>	<u>6,150,952</u>

Bank loans are secured by a first legal charge over the property known as Benedict Building, Sunderland. Bank loans are also secured by a guarantee from Vico Properties plc.

9. CALLED-UP SHARE CAPITAL	31/12/2013 £	31/12/2012 £
Authorised, allotted, called-up and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

10. PROFIT AND LOSS ACCOUNT – DEFICIT	31/12/2013 £	31/12/2012 £
At beginning of year/period	(5,042,535)	(2,854,050)
Loss for the year/period	(119,324)	(2,188,485)
At end of year/period	<u>(5,161,859)</u>	<u>(5,042,535)</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT	31/12/2013 £	31/12/2012 £
At beginning of year/period	(5,042,435)	(2,853,950)
Loss for the year/period	(119,324)	(2,188,485)
At end of year/period	<u>(5,161,759)</u>	<u>(5,042,435)</u>

VICO PROPERTIES (NORTHERN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

12. CONTINGENT LIABILITIES

Guarantee

The company has together with fellow group companies Vico Properties plc, Vico Land and Estates Ltd., Vico Kent Ltd., Vico Projects Limited, Vico Properties Scotland Limited, Vico Securities Limited and Vico Properties East Anglia Limited entered into an unlimited intercompany cross guarantee. The amount guaranteed at the balance sheet date was £13,196,794 (2012: £12,346,706).

13. PENSIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £Nil (2012: £Nil).

14. GROUP MEMBERSHIP

In the opinion of the directors, the company's ultimate parent undertaking is Vico Properties plc, a company incorporated in Northern Ireland. The parent undertaking of the largest and smallest group which includes the company and for which group financial statements are prepared, is Vico Properties plc.

Copies of the group financial statements of Vico Properties plc are available from:

Companies House
Second Floor
The Linenhall
32 -38 Linenhall Street
Belfast
BT2 8BG

15. CASH FLOW STATEMENT

In accordance with Financial Reporting Standard 1 "Cash Flow Statements", a cash flow statement has not been prepared for the company as the cash flows of the group are disclosed in the consolidated financial statements of the ultimate parent undertaking.

16. RELATED PARTY TRANSACTIONS

The directors have availed of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures" which permits subsidiaries 100% of whose voting rights are controlled within the group not to disclose transactions with other wholly owned entities of the group.

17. POST BALANCE SHEET EVENTS

There have been no significant events since the year end.