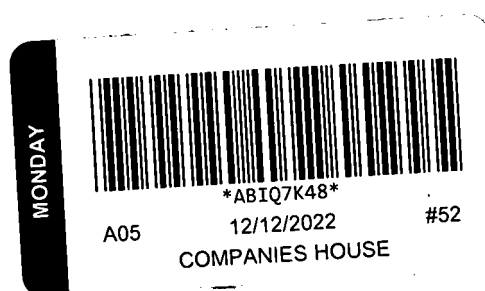


Company registration number 05025036 (England and Wales)

LEA VALLEY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022



LEA VALLEY LIMITED

COMPANY INFORMATION

Directors	Mr T D Hopkinson Mr T J P Knowles Miss C C Sharp
Secretary	Miss C C Sharp
Company number	05025036
Registered office	Canal Mill Botany Brow Chorley PR6 9AF
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

LEA VALLEY LIMITED

CONTENTS

	Page
Directors' report	1
Directors' responsibilities statement	2
Independent auditor's report	3 - 5
Statement of comprehensive income	6
Balance sheet	7
Notes to the financial statements	8 - 14

LEA VALLEY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their annual report and financial statements for the year ended 31 March 2022.

Principal activities

The principal activity of the company continued to be that of property investment.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr T D Hopkinson

Mr T J P Knowles

Miss C C Sharp

Auditor

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board



Miss C C Sharp

Director

28/9/22

LEA VALLEY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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 year. 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 judgements and accounting estimates that are reasonable and prudent;
- 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.

LEA VALLEY LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LEA VALLEY LIMITED

Opinion

We have audited the financial statements of Lea Valley Limited (the 'company') for the year ended 31 March 2022 which comprise the statement of comprehensive income, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

LEA VALLEY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LEA VALLEY LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, are detailed below:

- Enquiries with management about any known or suspected instances of non-compliance with laws and regulations;
- Enquires with management about any known or suspected instances of fraud;
- Examination of journal entries and other adjustments to test for appropriateness and identify any instances of management override of controls;
- Review of legal and professional expenditure to identify any evidence of ongoing litigation or enquiries.

We identified the following areas as those most likely to have a material impact on the financial statements: health and safety legislation, and compliance with the UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognize the non-compliance.

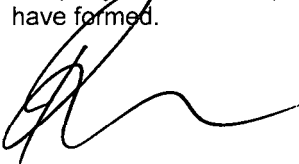
LEA VALLEY LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF LEA VALLEY LIMITED

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

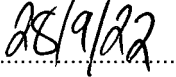
Use of our report

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.



Paul Williams (Senior Statutory Auditor)
For and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP


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LEA VALLEY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Year ended 31 March 2022 £	Period ended 31 March 2021 £
Turnover		435,851	265,057
Administrative expenses		(1,008,066)	(477,354)
Exceptional items	2	1,000	344,917
Operating (loss)/profit		(571,215)	132,620
<i>Interest receivable and similar income</i>		49,356	86,660
Interest payable and similar expenses	4	(759,256)	(698,064)
Fair value gains and losses on investment properties	5	16,421,260	225,000
Profit/(loss) before taxation		15,140,145	(253,784)
Tax on profit/(loss)		(2,136,258)	157,148
Profit/(loss) for the financial year		13,003,887	(96,636)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

LEA VALLEY LIMITED

BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Investment properties	5	34,160,000		14,016,955	
Investments	6	200		-	
		<u>34,160,200</u>		<u>14,016,955</u>	
Current assets					
Debtors	7	2,212,649	1,311,265		
Cash at bank and in hand		262,074	1,706,995		
		<u>2,474,723</u>	<u>3,018,260</u>		
Creditors: amounts falling due within one year	8	<u>(15,875,274)</u>	<u>(11,415,711)</u>		
Net current liabilities		<u>(13,400,551)</u>		<u>(8,397,451)</u>	
Total assets less current liabilities		20,759,649		5,619,504	
Provisions for liabilities		<u>(2,618,534)</u>		<u>(482,276)</u>	
Net assets		<u>18,141,115</u>		<u>5,137,228</u>	
Capital and reserves					
Called up share capital	9	1	1		
Profit and loss reserves	10	18,141,114	5,137,227		
Total equity		<u>18,141,115</u>	<u>5,137,228</u>		

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 28/9/22 and are signed on its behalf by:



Mr T D Hopkinson
Director

Company Registration No. 05025036

LEA VALLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Lea Valley Limited is a private company limited by shares incorporated in England and Wales. The registered office is Canal Mill, Botany Brow, Chorley, PR6 9AF.

1.1 Reporting period

The financial statements cover the 12 month period from 1 April 2021 to 31 March 2022. As the comparatives cover the 14 month period from 1 February 2020 to 31 March 2021, performance will not be entirely comparable. The accounting period was changed in order to bring the accounting year in line with that of other group companies.

1.2 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

1.3 Going concern

At the time of approving the financial statements, the directors have considered the company's financial position and performance as well as that of the sub-group to which it belongs.

The company and certain fellow group companies are party to borrowings in Chapelmount Properties Limited. Under the conditions of the loan, the companies are required to reduce the loan-to-value percentage by utilising funds from property disposals or sale of development property. As at the date of approval of these financial statements the group has commenced property disposals and made capital repayments to adhere to the loan-to-value covenant. The borrowings were originally due for repayment in full by January 2022, but repayment has been extended to February 2023. Post year end, the group has agreed an extension of the repayment date of the borrowings to September 2025.

At 31 March 2022 the company had net current liabilities of £13,400,551. The company's main obligation is a loan from its parent company which has arisen following the completion of a group refinance in February 2020. The terms of the loan with the parent company specify that the loan may be repaid on demand and therefore the loan is shown as repayable in less than one year. However, the loan is not expected to be due for repayment within twelve months of the year end as this repayment will be linked to the repayment of the external borrowings in the parent company. As noted above, at the date of approval of the financial statements, the external borrowings are due for repayment in February 2023 but the repayment date has been extended to September 2025.

The directors have prepared projections for the company and the sub-group to cover at least the twelve months following the approval of the financial statements as well as considering obligations falling due over the next twelve months. The projections include additional capital repayments utilising funds from fellow subsidiaries. The directors have no reason to believe that this support will not be available.

Based on the above, at the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

LEA VALLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

1.4 Turnover

Turnover represents rent receivable net of VAT and trade discounts, which is recognised in the accounting period to which it relates.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

LEA VALLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

LEA VALLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Exceptional item

	2022 £	2021 £
Expenditure		
Profit on disposal of investment properties	(1,000)	(344,917)

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	3	3

4 Interest payable and similar expenses

	2022 £	2021 £
Interest payable and similar expenses includes the following:		
Interest payable to group undertakings	759,256	698,064

LEA VALLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

5 Investment property

	2022 £
Fair value	
At 1 April 2021	14,016,955
Additions	3,721,785
Revaluations	16,421,260
	<u>34,160,000</u>
At 31 March 2022	<u>34,160,000</u>

Investment property comprises properties held to earn rental income and for capital appreciation. The directors have undertaken a review of the investment properties and believe that the valuation in the accounts is a fair reflection of their value at the year end. As part of this review the directors have considered the most recent external valuation carried out in November 2019 by Colliers International and in February 2022 by Knight Frank, both of who are not connected with the company, as well as the current leases in place and property occupancy.

The historical cost of the investment properties is £13,371,240 (2021: £9,649,455).

6 Fixed asset investments

	2022 £	2021 £
Shares in group undertakings and participating interests	200	-
	<u>200</u>	<u>-</u>

Movements in fixed asset investments

	Shares in subsidiaries £
Cost or valuation	
At 1 April 2021	-
Additions	200
	<u>200</u>
At 31 March 2022	<u>200</u>
Carrying amount	
At 31 March 2022	200
	<u>200</u>
At 31 March 2021	<u>-</u>

LEA VALLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

7 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	10,958	17,711
Amounts owed by group undertakings	729,922	-
Other debtors	429,344	892,345
Prepayments and accrued income	1,042,425	401,209
	<u>2,212,649</u>	<u>1,311,265</u>

8 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	47,094	145,575
Amounts owed to group undertakings	15,518,500	9,239,678
Taxation and social security	-	1,946,506
Other creditors	76,026	73,188
Accruals and deferred income	233,654	10,764
	<u>15,875,274</u>	<u>11,415,711</u>

9 Called up share capital

	2022	2021	2022	2021
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

10 Profit and loss reserves

Included within profit and loss reserves is a balance of £18,170,226 (2021: £3,885,224) relating to cumulative fair value movement on revaluation of investment property, net of the associated deferred tax provisions. This amount is non distributable, leaving a negative balance of distributable reserves of £29,112 (2021: positive balance of £1,252,003).

11 Financial commitments, guarantees and contingent liabilities

The company is part of a group loan arrangement with fellow group companies. At the period end the net liability under this guarantee across the companies amounted to £37,433,668 (2021: £52,161,101). As part of the arrangement, Mr T Knowles, a director, has provided a personal guarantee of up to £20,000,000 in respect of the borrowings.

12 Related party transactions

The company has taken advantage of the exemption permitted under FRS 102 Section 1AC.35 from disclosing transactions with the parent and other wholly owned group companies.

LEA VALLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

13 Parent company

The ultimate parent company at the period end was Mountmurray Limited, a company incorporated in Jersey. The largest and smallest group in which the results of the company are consolidated is that headed by Chapelmount Properties Limited, a company incorporated in Great Britain and registered in England and Wales, registered office Canal Mill, Botany Brow, Chorley, Lancashire, PR6 9AF. The consolidated financial statements of this group are available to the public and may be obtained from Companies House, Cardiff.

The ultimate controlling party is G.B. Trustees Limited as Trustee of The Knowlesway Trust (formerly The BG (2016) Settlement), resident in Jersey.