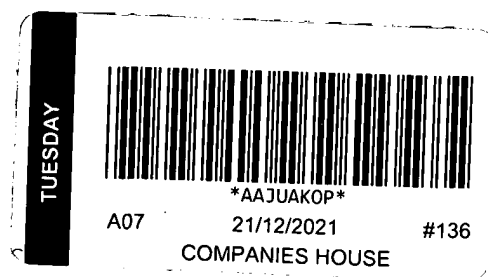


Company Registration No. 05025036 (England and Wales)

LEA VALLEY LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2021



LEA VALLEY LIMITED

COMPANY INFORMATION

Directors	Mr T D Hopkinson Mr T Knowles Ms C C Sharp
Secretary	Ms 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

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LEA VALLEY LIMITED

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 MARCH 2021

The directors present their annual report and financial statements for the period ended 31 March 2021.

Principal activities

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

Directors

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

Mr T D Hopkinson
Mr T Knowles
Ms 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



Ms C C Sharp
Director

23 September 2021

LEA VALLEY LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2021

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 period ended 31 March 2021 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 FRS 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 2021 and of its loss for the period 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 period 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 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 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 take advantage of the small companies exemption 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, is detailed below.

LEA VALLEY LIMITED

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

- 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.

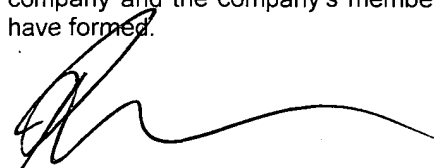
Because of the field in which the client operates we identified that health and safety legislation and compliance with the UK Companies Act are the areas most likely to have a material impact on the financial statements.

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 recognise the non-compliance.

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

23 September 2021

LEA VALLEY LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2021

		Period ended 31 March 2021 £	Year ended 31 January 2020 £
	Notes		
Turnover		265,057	85,223
Administrative expenses		(477,354)	(7,415)
Exceptional items	2	344,917	-
Operating profit		132,620	77,808
Interest receivable and similar income		86,660	-
Interest payable and similar expenses	4	(698,064)	-
Fair value gains and losses on investment properties	5	225,000	4,142,500
(Loss)/profit before taxation		(253,784)	4,220,308
Tax on (loss)/profit		157,148	(639,424)
(Loss)/profit for the financial period		(96,636)	3,580,884

LEA VALLEY LIMITED

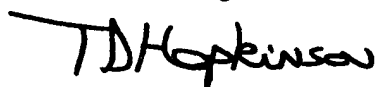
BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investment properties	5	14,016,955		5,025,000	
Current assets					
Debtors	6	1,311,265		877,553	
Cash at bank and in hand		1,706,995		44,988	
		<u>3,018,260</u>		<u>922,541</u>	
Creditors: amounts falling due within one year	7	<u>(11,415,711)</u>		<u>(74,253)</u>	
Net current (liabilities)/assets			(8,397,451)		848,288
Total assets less current liabilities			<u>5,619,504</u>		<u>5,873,288</u>
Provisions for liabilities			(482,276)		(639,424)
Net assets			<u>5,137,228</u>		<u>5,233,864</u>
Capital and reserves					
Called up share capital	8		1		1
Profit and loss reserves	9		5,137,227		5,233,863
Total equity			<u>5,137,228</u>		<u>5,233,864</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 23 September 2021 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 PERIOD ENDED 31 MARCH 2021

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 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.

1.2 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 board are continuing to monitor developments regarding the impact of Covid-19, especially given the potential impact on the property sector.

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 with further disposals planned over the next twelve months. The directors are actively marketing properties and are confident the required sales will be achieved. The borrowings were originally due for repayment in full by January 2022, but, post year end, have been extended to February 2023.

At 31 March 2021 the company had net current liabilities of £8,397,451. Included within creditors is £9,010,353 owed to the parent company which has arisen following the completion of a 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 which are due for repayment in February 2023.

The directors acknowledge that the pandemic is likely to have an impact on property lettings. As at the date of approval of the financial statements there has not been a material adverse impact on the activities of the company but the directors continue to monitor the position closely.

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 PERIOD ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.3 Reporting period

The financial statements cover the 14 month period from 1 February 2020 to 31 March 2021. As the comparatives cover the 12 month period from 1 February 2019 to 31 January 2020, 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.

1.4 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 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.

1.7 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.

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.

LEA VALLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

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.

1.8 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.

1.9 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 PERIOD ENDED 31 MARCH 2021

2 Exceptional costs/(income)

	2021 £	2020 £
Profit on disposal of investment properties	(344,917)	-

3 Employees

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

	2021 Number	2020 Number
Total	3	3

4 Interest payable and similar expenses

	2021 £	2020 £
Interest payable and similar expenses includes the following:		
Interest payable to group undertakings	698,064	-

5 Investment property

	2021 £
Fair value	
At 1 February 2020	5,025,000
Additions	20,716,955
Disposals	(11,950,000)
Revaluations	225,000
At 31 March 2021	14,016,955

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, who are not connected with the company, as well as the current leases in place, property occupancy and the impact of the Covid-19 pandemic.

The historical cost of the investment properties is £9,649,455 (2020: £882,500).

LEA VALLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2021

6 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	17,711	-
Amounts owed by group undertakings	-	875,502
Other debtors	892,345	-
Prepayments and accrued income	401,209	2,051
	<u>1,311,265</u>	<u>877,553</u>

7 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	145,575	4,679
Amounts owed to group undertakings	9,239,678	-
Taxation and social security	1,946,506	2,981
Other creditors	73,188	57,444
Accruals and deferred income	10,764	9,149
	<u>11,415,711</u>	<u>74,253</u>

8 Called up share capital

	2021	2020	2021	2020
	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>

9 Profit and loss reserves

Included within profit and loss reserves is a balance of £3,885,224 (2020: £3,503,076) relating to cumulative fair value movement on revaluation of investment property. This amount is non distributable, leaving a balance of distributable reserves of £1,252,003 (2020: £1,730,787).

10 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 £52,161,101 (2020: £nil). 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.

LEA VALLEY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 MARCH 2021

11 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.

12 Parent company

The ultimate parent company at 31 January 2020 was Acepark Limited. On 3 February 2020, the company was acquired by Chapelmount Properties Limited.

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.