

Lagan Developments (Holdings) Limited
Filleted Unaudited Financial Statements
31st March 2017



BMK ACCOUNTING LIMITED

Chartered accountant
43 Lockview Road
Stranmillis
Belfast
BT9 5FJ

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Lagan Developments (Holdings) Limited

Financial Statements

Year ended 31st March 2017

Contents	Pages
Report to the board of directors on the preparation of the unaudited statutory financial statements	1
Statement of financial position	2 to 3
Statement of changes in equity	4
Notes to the financial statements	5 to 12

Lagan Developments (Holdings) Limited**Report to the Board of Directors on the Preparation of the Unaudited Statutory
Financial Statements of Lagan Developments (Holdings) Limited****Year ended 31st March 2017**

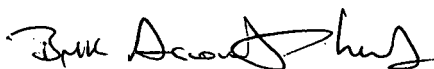
In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Lagan Developments (Holdings) Limited for the year ended 31st March 2017, which comprise the statement of financial position, statement of changes in equity and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of Chartered Accountants Ireland, we are subject to its ethical and other professional requirements which are detailed at www.charteredaccountants.ie.

This report is made solely to the Board of Directors of Lagan Developments (Holdings) Limited, as a body, in accordance with the terms of our engagement letter dated 17th November 2017. Our work has been undertaken solely to prepare for your approval the financial statements of Lagan Developments (Holdings) Limited and state those matters that we have agreed to state to you, as a body, in this report in accordance with the requirements of Chartered Accountants Ireland as detailed at www.charteredaccountants.ie. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Lagan Developments (Holdings) Limited and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Lagan Developments (Holdings) Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of Lagan Developments (Holdings) Limited. You consider that Lagan Developments (Holdings) Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Lagan Developments (Holdings) Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.



BMK ACCOUNTING LIMITED
Chartered Accountants
43 Lockview Road
Stranmillis
Belfast
BT9 5FJ

20th December 2017

Lagan Developments (Holdings) Limited

Statement of Financial Position

31st March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	5	31,799	23,173
Investments	6	4,632,707	4,450,117
		<u>4,664,506</u>	<u>4,473,290</u>
Current assets			
Debtors	7	90,000	362,239
Cash at bank and in hand		18,789	47,090
		<u>108,789</u>	<u>409,329</u>
Creditors: amounts falling due within one year	8	<u>1,815,250</u>	<u>3,284,523</u>
Net current liabilities		<u>1,706,461</u>	<u>2,875,194</u>
Total assets less current liabilities		<u>2,958,045</u>	<u>1,598,096</u>
Creditors: amounts falling due after more than one year	9	<u>24,585,620</u>	<u>23,621,917</u>
Net liabilities		<u>(21,627,575)</u>	<u>(22,023,821)</u>
Capital and reserves			
Called up share capital		81,001	81,001
Profit and loss account		(21,708,576)	(22,104,822)
Shareholders deficit		<u>(21,627,575)</u>	<u>(22,023,821)</u>

The statement of financial position
continues on the following page.

The notes on pages 5 to 12 form part of these financial statements.

Lagan Developments (Holdings) Limited

Statement of Financial Position *(continued)*

31st March 2017

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

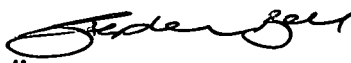
In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

For the year ending 31st March 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 19th December 2017, and are signed on behalf of the board by:


S Bell
Director


RG Horner
Director

Company registration number: NI049715

The notes on pages 5 to 12 form part of these financial statements.

Lagan Developments (Holdings) Limited

Statement of Changes in Equity

Year ended 31st March 2017

	Called up share capital £	Profit and loss account £	Total £
At 1st April 2015	81,001	(20,548,621)	(20,467,620)
Loss for the year		(1,600,657)	(1,600,657)
Other comprehensive income for the year:			
Foreign currency retranslation	—	44,456	44,456
Total comprehensive income for the year	—	(1,556,201)	(1,556,201)
At 31st March 2016	81,001	(22,104,822)	(22,023,821)
Profit for the year		347,117	347,117
Other comprehensive income for the year:			
Foreign currency retranslation	—	49,129	49,129
Total comprehensive income for the year	—	396,246	396,246
At 31st March 2017	<u>81,001</u>	<u>(21,708,576)</u>	<u>(21,627,575)</u>

The notes on pages 5 to 12 form part of these financial statements.

Lagan Developments (Holdings) Limited

Notes to the Financial Statements

Year ended 31st March 2017

1. General information

The company is a private company limited by shares, registered in Northern Ireland. The address of the registered office is Lagan House, 19 Clarendon Road, Belfast, BT1 3BG.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investments measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

The company have prepared its financial statements for the year ended 31st March 2017 on the going concern basis. The directors consider the going concern basis appropriate as the company is likely to continue in existence for the foreseeable future.

Transition to FRS 102

The entity transitioned from previous UK GAAP to FRS 102 as at 1st April 2015. Details of how FRS 102 has affected the reported financial position and financial performance is given in note 14.

Consolidation

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings comprise a small group.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Lagan Developments (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Motor vehicles - 25% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Investments in associates

Investments in associates accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in associates accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the associate arising before or after the date of acquisition.

Investments in joint ventures

Investments in jointly controlled entities accounted for in accordance with the cost model are recorded at cost less any accumulated impairment losses.

Investments in jointly controlled entities accounted for in accordance with the fair value model are initially recorded at the transaction price. At each reporting date, the investments are measured at fair value, with changes in fair value recognised in other comprehensive income/profit or loss. Where it is impracticable to measure fair value reliably without undue cost or effort, the cost model will be adopted.

Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the joint venture arising before or after the date of acquisition.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

Lagan Developments (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

3. Accounting policies *(continued)*

Impairment of fixed assets *(continued)*

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

Defined contribution plans

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 4 (2016: 4).

5. Tangible assets

	Motor vehicles £	Total £
Cost		
At 1st April 2016	58,733	58,733
Additions	37,063	37,063
Disposals	(58,733)	(58,733)
At 31st March 2017	<u>37,063</u>	<u>37,063</u>
Depreciation		
At 1st April 2016	35,560	35,560
Charge for the year	9,336	9,336
Disposals	(39,632)	(39,632)
At 31st March 2017	<u>5,264</u>	<u>5,264</u>
Carrying amount		
At 31st March 2017	<u>31,799</u>	<u>31,799</u>
At 31st March 2016	<u>23,173</u>	<u>23,173</u>

There are no tangible fixed assets held under hire purchase or finance lease agreements.

Lagan Developments (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

6. Investments

	Shares in group undertakings £	Loans to group undertakings £	Shares and loans in joint ventures £	Total £
Cost				
At 1st April 2016	11	5,483,023	11,578,563	17,061,597
Additions	–	–	719,557	719,557
Disposals	–	(100,000)	(155,483)	(255,483)
Revaluations	–	–	547,777	547,777
At 31st March 2017	11	5,383,023	12,690,414	18,073,448
Impairment				
At 1st April 2016	–	4,000,000	8,611,480	12,611,480
Impairment losses	–	–	330,613	330,613
Revaluations	–	–	498,648	498,648
At 31st March 2017	–	4,000,000	9,440,741	13,440,741
Carrying amount				
At 31st March 2017	11	1,383,023	3,249,673	4,632,707
At 31st March 2016	11	1,483,023	2,967,083	4,450,117

Details of the investments in which the group and company holds 20% or more of the share capital are listed in Notes 15 and 16 to the financial statements.

7. Debtors

	2017 £	2016 £
Amounts owed by group company	90,000	360,000
Other debtors	–	2,239
	90,000	362,239

8. Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans	1,171,392	1,261,565
Trade creditors	1,004	1,205
Amounts owed to related parties	305,252	1,939,910
Social security and other taxes	305,768	59,353
Other creditors	31,834	22,490
	1,815,250	3,284,523

Lagan Developments (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

9. Creditors: amounts falling due after more than one year

	2017 £	2016 £
Amounts owed to related parties	16,012,321	15,673,351
Other creditors	8,573,299	7,948,566
	<u>24,585,620</u>	<u>23,621,917</u>

10. Security and contingent liabilities

The company has provided the following in relation to joint ventures: -

- an uncollateralised capital guarantee and indemnity in the amount of €4.625 million in favour of Ulster Bank Limited;
- a uncollateralised interest shortfall guarantee and indemnity in the amount of €730k in favour of Ulster Bank Limited.

11. Financial instruments at fair value

There are no financial instruments held by the company.

12. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company:

	Balance brought forward £	2017 Advances/ (credits) to the directors £	Balance outstanding £
JPK Lagan	(4,341,383)	(342,923)	(4,684,306)
MA Lagan	(3,607,183)	(281,810)	(3,888,993)
	<u>(7,948,566)</u>	<u>(624,733)</u>	<u>(8,573,299)</u>
	Balance brought forward £	2016 Advances/ (credits) to the directors £	Balance outstanding £
JPK Lagan	(3,766,910)	(574,473)	(4,341,383)
MA Lagan	(3,128,156)	(479,027)	(3,607,183)
	<u>(6,895,066)</u>	<u>(1,053,500)</u>	<u>(7,948,566)</u>

The above balance is as disclosed in Note 9 of the financial statements.

Lagan Developments (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

13. Related party transactions

The ultimate controlling parties are considered to be JPK Lagan and MA Lagan. During the course of the year transactions occurred between certain of the group companies set out in Note 15 and, additionally, with non-group companies in which the ultimate controlling parties (above) had a controlling interest and joint ventures and arrangements in which group and related companies participate. At both the beginning and end of the year balances were due to and from a selection of these companies. All transactions were made at arm's length. The company has availed of the exemption under the terms of FRS 102 from disclosing related party transactions with entities that are part of Lagan Developments (Holdings) Limited Group. The following entities are regarded as related parties as defined by FRS 102 due to their being non-group companies in which the ultimate controlling parties had a controlling interest and joint ventures and arrangements in which group and related companies participate.

Amounts owed by the company due within one year - Note 7

	2017 £	2016 £
Controlled by ultimate controlling parties		
Lagan Cement Group Limited	178,439	853,439
Lagan Construction Limited	13,188	686,188
Lagan Management Limited	113,625	400,283
	<u>305,252</u>	<u>1,939,910</u>

Amounts owed by the company due after more than one year - Note 8

	2017 £	2016 £
Under common control		
Lagan Asphalt Group Limited	11,729,478	11,478,512
Lagan Holdings Limited	4,282,843	4,194,839
	<u>16,012,321</u>	<u>15,673,351</u>

The following related party transactions occurred during the year: -

- Management charges totalling CR£1,270,000 (2016 - £310,000) were incurred in respect of Lagan Cement Group Limited and Lagan Construction Limited.
- Interest on related party loans totalling £338,970(2016 - £341,714) was incurred in respect of Lagan Asphalt Group Limited and Lagan Holdings Limited.
- Two of the directors provided interest free loans to the company during the year - see Note 12.

14. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transitioned to FRS 102 on 1st April 2015.

No transitional adjustments were required in equity or profit or loss for the year.

Lagan Developments (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

15. Fixed asset investments - interest in subsidiaries, joint venture & associate undertakings

At the Balance Sheet date, the company held either directly or indirectly 20% or more of the share capital of the following property developments companies:-

Company	Country of registration or incorporation	Country of principal activities	Proportion of shares
Lagan (Alsager) Ltd.	Northern Ireland	Northern Ireland	100%
Lagan Developments Ltd.	Republic of Ireland	Republic of Ireland	100%
Lagan Developments Ltd.	Northern Ireland	Northern Ireland	100%
Knockumber Holdings Ltd.	Republic of Ireland	Republic of Ireland	50%
Knockumber Ltd.	Republic of Ireland	Republic of Ireland	50%
Knockumber Property Developments Ltd.	Republic of Ireland	Republic of Ireland	50%
KVL Ltd.	Republic of Ireland	Republic of Ireland	50%
Lagmar (Barnstaple) Ltd.	Scotland	England	50%
Lagmar Properties Ltd.	Northern Ireland	Northern Ireland	50%
Jerlag Developments Ltd.	Northern Ireland	Northern Ireland	50%
Northants LLP	England	England	22%

Lagan Developments (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2017

16. Fixed asset investments - subsidiaries and company share of joint ventures' and associate's results

The companies named in Note 15 are principally involved in property development. Lagan Developments (Holdings) Limited's share of subsidiary, joint venture and associate turnover, profits / (losses) and net assets / (liabilities) are disclosed below: -

<u>Name of undertaking</u>		<u>Period ended</u>	<u>Profit / (loss)</u> <u>(after tax)</u> <u>for period</u> £	<u>Net assets /</u> <u>(liabilities)</u> £
<u>Subsidiaries</u>				
Lagan Developments Ltd.	#	31/03/2017	(3,064)	11,493
Lagan Developments Ltd. (ROI)		31/12/2016	-	3
Lagan (Alsager) Ltd.		31/03/2017	(434,106)	(2,326,966)
<u>Joint ventures and associates</u>				
Lagmar (Barnstaple) Ltd.		31/03/2017	258,130	(1,465,584)
Lagmar Properties Ltd.		31/03/2017	409,151	(5,102,549)
Knockumber Holdings Ltd.	*√	30/11/2017	9,287,708	4,999
Knockumber Property Developments Ltd.	*√	30/11/2017	8,111,085	4,997
Knockumber Ltd.	*√	30/11/2017	1,176,623	2
KVL Ltd.	^	31/03/2017	-	2
Jerlag Developments Ltd.	*	31/07/2017	(20,686)	(991,125)
Northants LLP	#	31/03/2017	(26,488)	366,897

^ Draft financial statements

Unaudited financial statements

* Management accounts

~ Draft unaudited financial statements

√ Entities where assets have been consensually disposed of to third parties. Preparations are underway to dissolve these companies in the near future.

17. Control

The company is controlled by JPK Lagan and MA Lagan who own 100% of the issued share capital.