

Lagan Developments (Holdings) Limited
Filleted Unaudited Financial Statements
31st March 2019



BMK ACCOUNTING LIMITED

Chartered Accountants
43 Lockview Road
Stranmillis
Belfast
BT9 5FJ

Lagan Developments (Holdings) Limited

Financial Statements

Year ended 31st March 2019

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Lagan Developments (Holdings) Limited

**Chartered Accountants Report to the Board of Directors on the Preparation of
the Unaudited Statutory Financial Statements of Lagan Developments
(Holdings) Limited**

Year ended 31st March 2019

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 2019, which comprise the statement of financial position 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 2nd October 2019. 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 loss 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

19th December 2019

Lagan Developments (Holdings) Limited

Statement of Financial Position

31st March 2019

| | Note | 2019 £ | 2018 £ |
|--|------|----------------------------|----------------------------|
| Fixed assets | | | |
| Investments | 4 | 692,667 | 4,202,622 |
| Current assets | | | |
| Debtors | 5 | – | 118,569 |
| Cash at bank and in hand | | 1,125,353 | 57,571 |
| | | <u>1,125,353</u> | <u>176,140</u> |
| Creditors: amounts falling due within one year | 6 | <u>265,579</u> | <u>1,468,894</u> |
| Net current assets/(liabilities) | | 859,774 | (1,292,754) |
| Total assets less current liabilities | | 1,552,441 | 2,909,868 |
| Creditors: amounts falling due after more than one year | 7 | <u>24,477,033</u> | <u>25,205,454</u> |
| Net liabilities | | <u>(22,924,592)</u> | <u>(22,295,586)</u> |
| Capital and reserves | | | |
| Called up share capital | | 81,001 | 81,001 |
| Profit and loss account | | <u>(23,005,593)</u> | <u>(22,376,587)</u> |
| Shareholders deficit | | <u>(22,924,592)</u> | <u>(22,295,586)</u> |

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 2019 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.

The statement of financial position
continues on the following page.

The notes on pages 4 to 10 form part of these financial statements.

Lagan Developments (Holdings) Limited

Statement of Financial Position *(continued)*

31st March 2019

These financial statements were approved by the board of directors and authorised for issue on **18th December 2019**, and are signed on behalf of the board by:



S Bell
Director

Company registration number: NI049715

The notes on pages 4 to 10 form part of these financial statements.

Lagan Developments (Holdings) Limited

Notes to the Financial Statements

Year ended 31st March 2019

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, Clarendon Dock, 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 investment properties 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 2019 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.

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.

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.

Lagan Developments (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2019

3. Accounting policies *(continued)*

Investments in associates *(continued)*

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.

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.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Lagan Developments (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2019

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

4. Investments

| | Shares in group undertakings £ | Loans to group undertakings £ | Investment in participating interests £ | Total £ |
|-------------------------------|---|--|--|--------------------|
| Cost | | | | |
| At 1st April 2018 | 11 | 909,523 | 5,822,281 | 6,731,815 |
| Additions | – | – | 19,700 | 19,700 |
| Disposals | – | (909,523) | (3,411,337) | (4,320,860) |
| Revaluations | – | – | (16,108) | (16,108) |
| At 31st March 2019 | 11 | – | 2,414,536 | 2,414,547 |
| Impairment | | | | |
| At 1st April 2018 | – | – | 2,529,193 | 2,529,193 |
| Impairment losses | – | – | 19,700 | 19,700 |
| Reversal of impairment losses | – | – | (827,013) | (827,013) |
| At 31st March 2019 | – | – | 1,721,880 | 1,721,880 |
| Carrying amount | | | | |
| At 31st March 2019 | 11 | – | 692,656 | 692,667 |
| At 31st March 2018 | 11 | 909,523 | 3,293,088 | 4,202,622 |

Details of the investments in which the group and company holds 20% or more of the share capital are listed in Notes 10 and 11 to the financial statements.

Lagan Developments (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2019

5. Debtors

| | 2019 £ | 2018 £ |
|------------------------------------|-----------|-----------|
| Amounts owed by group undertakings | — | 118,569 |

6. Creditors: amounts falling due within one year

| | 2019 £ | 2018 £ |
|---------------------------------|----------------|------------------|
| Bank loans | — | 1,156,527 |
| Trade creditors | 149 | 6,196 |
| Amounts owed to related parties | 125,228 | 145,869 |
| Social security and other taxes | 133,941 | 152,666 |
| Other creditors | 6,261 | 7,636 |
| | <u>265,579</u> | <u>1,468,894</u> |

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

| | 2019 £ | 2018 £ |
|---------------------------------|-------------------|-------------------|
| Amounts owed to related parties | 16,339,136 | 16,332,954 |
| Other creditors | 8,137,897 | 8,872,500 |
| | <u>24,477,033</u> | <u>25,205,454</u> |

8. Directors' advances, credits and guarantees

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

| | Balance brought forward £ | 2019 Advances/ (credits) to the directors £ | Balance outstanding £ |
|-----------|------------------------------------|---|-----------------------------|
| JKP Lagan | (4,848,270) | 401,169 | (4,447,101) |
| MA Lagan | (4,024,230) | 333,434 | (3,690,796) |
| | <u>(8,872,500)</u> | <u>734,603</u> | <u>(8,137,897)</u> |
| | Balance brought forward £ | 2018 Advances/ (credits) to the directors £ | Balance outstanding £ |
| JKP Lagan | (4,684,306) | (163,964) | (4,848,270) |
| MA Lagan | (3,888,993) | (135,237) | (4,024,230) |
| | <u>(8,573,299)</u> | <u>(299,201)</u> | <u>(8,872,500)</u> |

Lagan Developments (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2019

8. Directors' advances, credits and guarantees *(continued)*

The above balance is as disclosed in Note 7 of the financial statements.

9. 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 10 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 6

| | 2019 £ | 2018 £ |
|---|----------------|----------------|
| Controlled by ultimate controlling parties | | |
| Lagan Cement Group Limited | 45,109 | 91,909 |
| Lagan Services Limited (formerly Lagan Construction Services Limited) | 58,855 | 34,855 |
| Lagan Management Limited | 21,264 | 19,105 |
| | <u>125,228</u> | <u>145,869</u> |

Amounts owed by the company due after more than one year - Note 7

| | 2019 £ | 2018 £ |
|---|-------------------|-------------------|
| Controlled by ultimate controlling party | | |
| Lagan Cement Group Limited | 12,247,571 | 11,967,336 |
| Under common control | | |
| Lagan Holdings Limited | 4,091,565 | 4,365,618 |
| | <u>16,339,136</u> | <u>16,332,954</u> |

The following related party transactions occurred during the year:-

- Management charges totalling £102,500 (2018 - £139,765) were incurred in respect of Lagan Cement Group Limited, Lagan Services Limited (formerly Lagan Construction Services Limited) and Lagan Management Limited.
- Interest on related party loans totalling £371,579 (2018 - £330,633) was incurred in respect of Lagan Cement Group Limited and Lagan Holdings Limited.
- Two of the directors provided interest free loans to the company during the year - see Note 8.

Lagan Developments (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2019

10. 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) Limited | Northern Ireland | Northern Ireland | 100% |
| Lagan Developments Limited | Republic of Ireland | Republic of Ireland | 100% |
| Lagan Developments Limited | Northern Ireland | Northern Ireland | 100% |
| KVL Limited | Republic of Ireland | Republic of Ireland | 50% |
| Lagmar (Barnstaple) Limited | Scotland | England | 50% |
| Lagmar Properties Limited | Northern Ireland | Northern Ireland | 50% |
| Jerlag Developments Limited | Northern Ireland | Northern Ireland | 50% |

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

The companies named in Note 10 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) (after tax) for period</u> | <u>Net assets / (liabilities)</u> |
|--------------------------------------|---------------------|---|-----------------------------------|
| | | £ | £ |
| <u>Subsidiaries</u> | | | |
| Lagan Developments Limited | # 31/03/2019 | (3,207) | 5,876 |
| Lagan Developments Limited (Rol) | # 31/12/2018 | - | 3 |
| Lagan (Alsager) Limited | 31/03/2019 | 3,023,811 | 1,661,114 |
| <u>Joint ventures and associates</u> | | | |
| Lagmar (Barnstaple) Limited | 31/03/2019 | 84,130 | (1,283,104) |
| Lagmar Properties Limited | 31/03/2019 | (12,322) | (5,181,025) |
| KVL Limited | ~ 31/03/2019 | - | 2 |
| Jerlag Developments Limited | # 31/07/2019 | 3,035 | - |

Unaudited financial statements

~ Draft unaudited financial statements

Lagan Developments (Holdings) Limited

Notes to the Financial Statements *(continued)*

Year ended 31st March 2019

12. Control

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