
EASTERCROFT HOUSE LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018



**COMPANIES HOUSE
EDINBURGH**

31 MAY 2019

FRONT DESK

EASTERCROFT HOUSE LIMITED

COMPANY INFORMATION

Directors	James S Gillespie Elizabeth Mulholland Elizabeth G Gillespie
Company secretary	Elizabeth Mulholland
Registered number	SC109648
Registered office	Eastercroft House 14 Airdrie Road Caldercruix By Airdrie Lanarkshire ML6 8NY
Independent auditor	French Duncan LLP Chartered Accountants and Statutory Auditor 133 Finnieston Street Glasgow G3 8HB
Bankers	Barclays Bank PLC 120 Bothwell Street Glasgow G2 7JS

EASTERCROFT HOUSE LIMITED

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EASTERCROFT HOUSE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 JULY 2018

The directors present their report and the financial statements for the year ended 31 July 2018.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Directors

The directors who served during the year were:

James S Gillespie
Elizabeth Mulholland
Elizabeth G Gillespie

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, French Duncan LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

EASTERCROFT HOUSE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2018**

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



James S Gillespie
Director

Date:

30/5/19

EASTERCROFT HOUSE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EASTERCROFT HOUSE LIMITED

Opinion

We have audited the financial statements of Eastercroft House Limited (the 'company') for the year ended 31 July 2018, which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the related notes, including a summary of 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 July 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw attention to the disclosures in the Strategic Report and note 2.3 to the Financial Statements. These disclosures explain that its parent company has breached one of its loan covenants and is currently in the process of renegotiating its banking arrangements. Given the cross guarantees in place and factors set out in note 2.3 indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

EASTERCROFT HOUSE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EASTERCROFT HOUSE LIMITED (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

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

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' exemptions 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 on page 1, 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.

EASTERCROFT HOUSE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF EASTERCROFT HOUSE LIMITED (CONTINUED)

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.



Stephen G Hughes (Senior Statutory Auditor)

for and on behalf of
French Duncan LLP

Chartered Accountants and Statutory Auditor

133 Finnieston Street
Glasgow
G3 8HB

Date: 31/05/19

EASTERCROFT HOUSE LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 JULY 2018**

	2018	<i>17 months ended 31 July 2017</i>
	£	£
Administrative expenses	(51,300)	(7,283)
Operating loss	(51,300)	(7,283)
Interest receivable and similar income	10,791	15,863
(Loss)/profit before tax	(40,509)	8,580
Tax on (loss)/profit	(237)	(1,197)
(Loss)/profit after tax	(40,746)	7,383
Retained earnings at the beginning of the year	(40,417)	(47,800)
(Loss)/profit for the year	(40,746)	7,383
Retained earnings at the end of the year	(81,163)	(40,417)
The notes on pages 8 to 12 form part of these financial statements.		

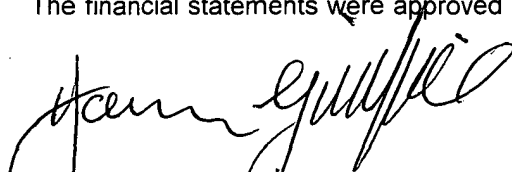
EASTERCROFT HOUSE LIMITED
REGISTERED NUMBER: SC109648

STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2018

	Note	2018 £	2017 £
Current assets			
Debtors	5	1,247,253	1,230,379
Cash at bank and in hand	6	23,120	138,355
		<u>1,270,373</u>	<u>1,368,734</u>
Creditors: amounts falling due within one year	7	(1,251,536)	(1,309,151)
Net current assets		18,837	59,583
Net assets		18,837	59,583
Capital and reserves			
Called up share capital	8	100,000	100,000
Profit and loss account		(81,163)	(40,417)
		<u>18,837</u>	<u>59,583</u>

The company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on


James S Gillespie
 Director 30/8/19

The notes on pages 8 to 12 form part of these financial statements.

EASTERCROFT HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

1. General information

The Company is a private company limited by shares and is incorporated in Scotland. The address of its registered office is Eastercroft House, 14 Airdrie Road, Caldercruix, By Airdrie, Lanarkshire ML6 8NY.

During the year the Company incurred speculative development costs.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d)
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of LTZ Limited as at 31 July 2018 and these financial statements may be obtained from Companies House, 139 Fountainbridge, Edinburgh EH3 9FF

EASTERCROFT HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.3 Going concern

The Company has granted cross guarantees in respect of the bank borrowings of Hillend View Limited which at 31 July 2018 amounted to £4,640,313.

Hillend View Limited continued to trade profitably in the year to 31 July 2018. However with continued pressure on costs trading was not in line with forecasts and they breached their bank covenants both before and at the year end. In both cases covenant waivers were received from the company's bankers. As the waiver for the year end breach of covenant was received post year end all the company's debt has been reclassified as a current liability as it was repayable on demand at that date. At 31 July 2018 therefore the Group has net current liabilities of £3,575,864.

Hillend View Limited continues to trade profitably and is currently in the process of renegotiating its covenants with its bankers.

Hillend View Limited is funded by a bank term loan which is in place until March, 2020. Hillend View Limited's bankers have been supportive to date and it is their intention, subject to ongoing credit approval, to extend the current facility until the end of May, 2020. The directors have prepared financial forecasts for the period to July 2020 and the results in the current year indicate that Hillend View Limited is on track to deliver in line with its forecast profit and associated funds flow. The forecasts indicate that the company do not anticipate any further breaches of banking covenants currently in place.

The bank, whilst reserving their rights, have confirmed that all terms and conditions of the facility agreement remain and shall continue in full force.

The directors are aware that the ongoing support of its bankers is dependent on the company's ability to deliver on its forecast and its compliance with banking covenants.

In the event that banking facilities are not extended by the company's bank, the directors based on their review of both current and forecast trading results, and loan to value requirement of lenders, are confident that alternative bank lending will be available.

The conditions described above constitute a material uncertainty that may cast a significant doubt over the ability of the Company to continue as a going concern. However with the actions being taken, the directors are satisfied that, despite the challenging conditions referred to above and in the Strategic Report, they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons the directors continue to adopt the going concern basis in preparing the annual report and accounts.

2.4 Interest income

Interest income is recognised in the Statement of Income and Retained Earnings using the effective interest method.

EASTERCROFT HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

2. Accounting policies (continued)

2.5 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments and estimates have had the most significant effect on amounts recognised in the financial statements:

Provisions

Provisions are recognised where the Company has an obligation, as a result of a past event, that can be measured reliably. The recording of provisions is an area which requires the exercise of management judgement relating to the nature, timing and probability of the liability.

Debtor recoverability

Judgment is required when assessing the recoverability of other debtors. The directors consider the financial strength of the debtor when making this judgment.

EASTERCROFT HOUSE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2018**

4. Employees

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

	2018 No.	<i>17 months ended 31 July 2017 No.</i>
Directors	<u>3</u>	<u>3</u>

5. Debtors

	2018 £	2017 £
Due after more than one year		
Other debtors	68,020	68,020
Due within one year		
Other debtors	<u>1,179,233</u>	<u>1,162,359</u>
	<u>1,247,253</u>	<u>1,230,379</u>

6. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	<u>23,120</u>	<u>138,355</u>

7. Creditors: Amounts falling due within one year

	2018 £	2017 £
Amounts owed to group undertakings	1,241,660	1,304,094
Corporation tax	237	1,697
Accruals and deferred income	<u>9,639</u>	<u>3,360</u>
	<u>1,251,536</u>	<u>1,309,151</u>

EASTERCROFT HOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2018

8. Share capital

	2018 £	2017 £
Allotted, called up and fully paid		
100,000 Ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>

9. Contingent liabilities

The Company has granted cross guarantees in respect of the bank borrowings of Hillend View Limited, its fellow subsidiary company. At 31 July 2018 the total bank borrowings of Hillend View Limited were £4,640,313 (2017 - £4,934,313). The guarantee is supported by a floating charge over the assets of the Company.

10. Transactions with directors

During the year the Company advanced funds and was repaid funds from James S Gillespie. Amounts repaid during the year, including dividends not taken, totalled £43,027 (2017 - £18,907). Interest on the loan is charged at 2.5% and amounted to £10,758 (2017 - £15,794) for the period. At 31 July 2018 the amount due to the Company from James S Gillespie was £361,117 (2017 - £393,386). The loan is repayable on demand.

11. Related party transactions

During the year the company advanced funds and was repaid funds from other related parties. The net amount repaid during the year was £49,082 (2017 - £123,055). At 31 July 2018, there were balances due of £818,055 (2017 - £768,973) from other related parties. The loans are interest free and repayable on demand.

12. Controlling party

The ultimate parent company is LTZ Limited. The ultimate controlling parties are James S Gillespie and Elizabeth Gillespie.