

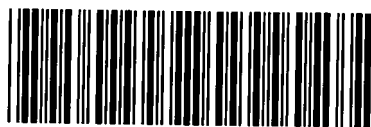
**Horizon Property Investments Limited**

**Report and Financial Statements**

**Year ended 31 December 2014**

**Company Number SC155136**

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**Horizon Property Investments Limited**  
**Report and Financial Statements**

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**Horizon Property Investments Limited**

**Report and Financial Statements**

**Company Information**

<b>Board of Directors</b>	P S Dickson A J N Hewitt
<b>Company Secretary</b>	Lloyds Secretaries Ltd
<b>Registered office</b>	Level 1 Citymark 150 Fountainbridge Edinburgh EH3 9PE
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX
<b>Bankers</b>	Lloyds TSB Bank plc 25 Gresham Street London EC2V 7HN  Bank of Scotland plc The Mound Edinburgh EH1 1YZ
<b>Company Number</b>	SC155136

# Horizon Property Investments Limited

## Report and Financial Statements

### **Directors' Report**

The Directors are pleased to present their report and audited financial statements for Horizon Property Investments Limited ("the Company") for the year ended 31 December 2014. The Company is a limited company both incorporated and domiciled in the United Kingdom.

### **Principal activities and review of business**

The Company's principal activity was investment in property and land. The company currently owns no land or property investments.

### **Results and dividends**

The loss after tax for the Company for the year ended 31 December 2014 was £63,517 (2013: profit £44,945). No dividends were paid during the year (2013: £nil).

### **Financial instruments**

The financial risk management objectives and policies of the Company and the exposure to market risk, credit risk and liquidity risk are covered in note 14 to the financial statements.

### **Going concern**

As set out in note 2 of the financial statements, the Directors are intending to wind up the company within 12 months from the signing of this Report and Financial Statements. Consequently it has not been deemed appropriate to prepare the financial statements under a going concern basis and therefore a basis other than going concern has been applied.

### **Strategic report: small companies exemption**

The Company has adopted the exemption from preparing a strategic report, as the Company is entitled to prepare accounts for the year in accordance with the small companies regime.

### **Directors and their interests**

The Directors of the company who are in office at the date of signing the financial statements and this report is as stated on page 3.

Dates of appointments and resignations during the year and up to the date of this report were as follows:

Director	Date of Appointment	Date of Resignation
B S Anderson	07 October 2014	10 February 2015
J J Green	-	30 June 2014
A W J Wilson	-	30 June 2014
A J N Hewitt	10 February 2015	-

# **Horizon Property Investments Limited**

## **Report and Financial Statements**

### **Director's Report (continued)**

#### **Directors' indemnities**

Lloyds Banking Group plc has granted to the Directors of the Company, including former directors who retired during the year, a deed of indemnity through deed poll which constituted 'third party indemnity provisions' and 'qualifying pension scheme indemnity provisions' for the purposes of the Companies Act 2006. The deeds were in force during the whole of the financial year or from the date of appointment in respect of the Director who joined the Board of the Company during the financial year. Directors no longer in office but who served on the Board of the Company at any time in the financial year had the benefit of this contract of indemnity during that period of service. The indemnities remain in force for the duration of a Director's period of office. The deeds indemnify the Directors to the maximum extent permitted by law. Deeds for existing Directors are available for inspection at the registered office of Lloyds Banking Group plc. In addition, the Group has in place appropriate Directors and Officers Liability Insurance cover which was in place throughout the financial year.

#### **Company Secretary**

The Company Secretary at the date of this report is as stated on page 3.

#### **Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office should the entity require another audit prior to wind up.

#### **Statement of Directors' responsibilities**

The directors are responsible for preparing the Director's 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 director has prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the director has also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). Under company law the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union, and IFRSs as issued by the International Accounting Standards Board (IASB), have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Horizon Property Investments Limited**

**Report and Financial Statements**

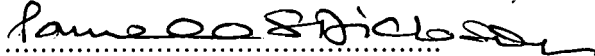
**Director's Report (continued)**

**Disclosure of information to independent auditors**

In the case of each of the persons who are Directors of the Company at the time when this report was approved, the following applies:

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Each of the Directors has taken all the steps that ought to have been taken as a Director of the Company in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Signed on behalf of Horizon Property Investments Limited:



P S Dickson

Director

29 June 2015

## ***Independent auditors' report to the members of Horizon Property Investments Limited***

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, Horizon Property Investments Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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#### **Emphasis of matter - Basis of preparation**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 and 2 to the financial statements concerning the basis of accounting. Following the year end the Directors have decided that the company will be wound up during the next financial year. Accordingly, the going concern basis of accounting is no longer appropriate and the financial statements have been prepared on a basis other than going concern as described in note 1 and 2 to the financial statements. No adjustments were necessary in these financial statements to reduce assets to their realisable values, to provide for liabilities arising from the decision or to reclassify fixed assets and long-term liabilities as current assets and liabilities.

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#### **What we have audited**

Horizon Property Investments Limited's financial statements comprise:

- the Statement of Financial Position as at 31 December 2014;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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#### **Other matters on which we are required to report by exception**

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##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

**Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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**Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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**Responsibilities for the financial statements and the audit**

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**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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**What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Sheila Fazal (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh

29 June 2015



**Horizon Property Investments Limited****Report and Financial Statements**

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**Statement of Comprehensive Income****For the year ended 31 December 2014**

	<b>Note</b>	<b>2014</b> £	<b>2013</b> £
Rental income	4	-	60,474
Property expenses	5	(35,261)	(210,046)
<b>Net property expenses</b>		(35,261)	(149,572)
Other expenses	6	3,000	(1,500)
Realised gain on investment property		-	200,816
<b>Net other income</b>		3,000	199,316
<b>Operating (loss)/profit before financing costs</b>		(32,261)	49,744
Finance cost	7	(48,652)	(51,685)
<b>Net finance costs</b>		(48,652)	(51,685)
<b>Loss before tax</b>		(80,913)	(1,941)
Income tax refund	8	17,396	46,886
<b>(Loss)/profit after tax for the year</b>		(63,517)	44,945

There are no other items of comprehensive income other than those shown above. Accordingly the loss for the year is the same as the total comprehensive loss for the year.

The accompanying notes on pages 13 to 21 form part of these financial statements.

**Horizon Property Investments Limited**  
**Report and Financial Statements**

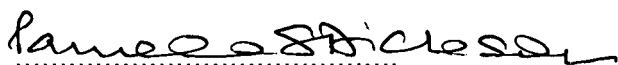
**Statement of Financial Position**

**As at 31 December 2014**

	<b>Note</b>	<b>2014</b> £	<b>2013</b> £
<b>Current asset</b>			
Income tax receivable	9	17,396	153,173
Trade and other receivables	10	-	160,547
Cash and cash equivalents	11	227,714	828,912
<b>Total current assets</b>		<u>245,110</u>	<u>1,142,632</u>
<b>Total assets</b>		<u>245,110</u>	<u>1,142,632</u>
<b>Equity</b>			
Issued capital	12	2	2
Accumulated losses		(9,307,507)	(9,243,990)
<b>Total equity</b>		<u>(9,307,505)</u>	<u>(9,243,988)</u>
<b>Current liabilities</b>			
Amount due to fellow subsidiary undertaking	16	9,552,615	10,303,963
Trade and other payables	13	-	82,657
<b>Total current liabilities</b>		<u>9,552,615</u>	<u>10,386,620</u>
<b>Total equity and liabilities</b>		<u>245,110</u>	<u>1,142,632</u>

Company Number: SC155136

The financial statements on pages 9 to 21 were approved by the Board of Directors at a meeting on  
29 June 2015 and signed on its behalf by:



P S Dickson

Director  
Horizon Property Investments Limited

The accompanying notes on pages 13 to 21 form part of these financial statements.

**Horizon Property Investments Limited**  
**Report and Financial Statements**

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**Statement of Changes in Equity**

**For the year ended 31 December 2014**

	<b>Issued Capital £</b>	<b>Accumulated (Loss)/Profit £</b>	<b>Total £</b>
<b>Balance at 1 January 2014</b>	2	(9,243,990)	(9,243,988)
Loss after taxation	-	(63,517)	(63,517)
<b>Balance at 31 December 2014</b>	<u>2</u>	<u>(9,307,507)</u>	<u>(9,307,505)</u>

**For the year ended 31 December 2013**

	<b>Issued Capital £</b>	<b>Accumulated Losses £</b>	<b>Total £</b>
<b>Balance at 1 January 2013</b>	2	(9,288,935)	(9,288,933)
Profit after taxation	-	44,945	44,945
<b>Balance at 31 December 2013</b>	<u>2</u>	<u>(9,243,990)</u>	<u>(9,243,988)</u>

The accompanying notes on pages 13 to 21 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 £	2013 £
<b>Cash flows from operating activities</b>			
Operating (loss)/profit before financing costs		(32,261)	49,744
Decrease in trade and other receivables		160,547	5,790
(Decrease)/Increase in amounts due to fellow subsidiary undertaking		(751,348)	22,923
(Decrease)/Increase in trade and other payables		(82,657)	42,526
<b>Cash (used in)/generated from operations</b>		<b>(705,719)</b>	<b>120,983</b>
Disposal proceeds		-	850,000
Realised gain		-	(200,816)
Additions		-	(24,184)
		-	625,000
Interest paid		(48,652)	(51,685)
Income taxes received		153,173	134,614
<b>Net cash generated from operating activities</b>		<b>(601,198)</b>	<b>828,912</b>
<b>Cash flows from investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>		<b>-</b>	<b>-</b>
Net (decrease)/increase in cash and cash equivalents		(601,198)	828,912
Cash and cash equivalents at 1 January		828,912	-
<b>Cash and cash equivalents at 31 December</b>	11	<b>227,714</b>	<b>828,912</b>

The accompanying notes on pages 13 to 21 form part of these financial statements.

**Notes to the financial statements**

**1. Basis of preparation**

The financial statements have been prepared in accordance with:

(1) the International Accounting Standards ("IASs") and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and the Standards and Interpretations ("SICs") and International Financial Reporting Interpretations ("IFRICs") issued by its IFRS Interpretations Committee, as endorsed by the European Union; and

(2) the Companies Act 2006, so far as applicable to the company.

Following the year end the Directors have decided that the Company will be dissolved during the next financial year. Accordingly, the going concern basis of accounting is no longer appropriate and, therefore, the financial statements have been prepared on a basis other than going concern. No adjustments were necessary to the accounts as a result of this decision.

**Standards and amendments to existing standards effective 1 January 2014**

The following standards, amendments to and interpretations of published standards have been issued and are relevant to the Company's operations:

- IFRS 10, 'Consolidated financial statements'.
- IFRS 12, 'Disclosures of interests in other entities'.
- IFRIC 21, 'Levies'.
- Amendment to IAS 32, 'Financial instruments: Presentation'.
- Amendment to IAS 36, 'Impairment of assets'.
- Amendment to IAS 39, 'Financial instruments: Recognition and Measurement'.

**Standards and interpretations in issue but not adopted early**

The following standards and amendments to published standards are optional for the current accounting year beginning on 1 January 2014 but the Company has not elected to adopt early:

- Amendments to IFRS 9, 'Financial instruments' (effective 1 January 2018).
- IFRS 15 'Revenue from contracts with customers' (effective 1 January 2017).

The Directors of the Company anticipate that the adoption of these standards and interpretations in future periods will have no material financial impact on the financial statements.

**Standards and interpretations in issue but not relevant**

There are no other standards and amendments to published standards that are mandatory for the current accounting year beginning on 1 January 2014 that are relevant to the Company.

**Notes to the financial statements (continued)**

**2. Going concern – Principles underlying going concern assumption**

Given that the Company no longer holds any investment property and has no intention to acquire new assets, it is the intention of the Directors of the Company to terminate the Company. The Directors have considered the Statement of Financial Position of the Company and are satisfied on the basis that the Company has sufficient resources from its immediate parent undertaking that there are adequate resources available to cover the residual matters arising from the Company's prior activities. Once all such matters have been resolved, the Directors of the Company intend to terminate the Company within 12 months of the signing of the Financial Statements. The Directors of the Company have therefore prepared the financial statements on a basis other than going concern. No adjustments were necessary to the accounts as a result of this decision.

**3. Summary of significant accounting policies**

The Company has identified the accounting policies that are the most significant to its business operations and the understanding of its results. The principal accounting policies adopted in these financial statements were applied consistently throughout the years presented, unless otherwise stated.

The significant accounting policies adopted in the preparation of the financial statements are set out below:

**(a) Critical accounting estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions in applying the accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty in these financial statements, which together are deemed critical to the Company's results and financial position, are discussed below.

**i) Deferred tax**

The recognition of deferred tax assets requires management judgement in determining the extent and amount which should be recognised. Estimates of future taxable income/profits are made and management judgement is exercised as to whether these estimates indicate if the deferred tax asset can be recovered and when.

**(b) Revenue and expenses**

Rental income from investment property leased out under an operating lease is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. All other revenue and expense is recognised on an accruals basis.

**(c) Investment property**

Investment properties, which are defined as properties which are held either to earn rental income or for capital appreciation or both, are initially recognised at cost and are fair valued at least annually. Any gains or losses arising from a change in the fair value are recognised in the Statement of Comprehensive Income in the period that they occur. Investment properties are not depreciated. The Company no longer holds an investment property. The last remaining asset was sold on 14 June 2013.

**Notes to the financial statements (continued)**

**3. Summary of significant accounting policies (continued)**

**(d) Trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses.

**(e) Cash and cash equivalents**

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than investing or other purposes. Cash and cash equivalents consist of cash balances at banks that are freely available.

**(f) Impairment**

The carrying amounts of the Company's assets, and deferred tax assets, are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

**(i) Calculation of recoverable amount**

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

**(ii) Reversals of impairment**

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(g) Trade and other payables**

Trade and other payables are stated at cost.

**(h) Net finance costs**

Net finance costs relate to interest income and interest payable on borrowings and are recognised in the Statement of Comprehensive Income using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability. The effective interest rate is established on initial recognition of the financial asset or liability and is not revised subsequently.

Interest income and interest payable presented in the Statement of Comprehensive Income include interest on financial assets or liabilities at amortised cost on an effective interest rate basis.

**Notes to the financial statements (continued)**

**3. Summary of significant accounting policies (continued)**

**(i) Taxation**

Current income tax which is payable/receivable on taxable profits/losses is recognised as an expense/credit in the period in which the profits/losses arise. The current income tax charge/income is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax is determined using tax rates that have been enacted or substantially enacted by the Statement of Financial Position date, which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised where it is probable that future taxable profit will be available against which the temporary differences can be utilised. The tax effects of losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred and current tax assets and liabilities are offset when they arise in the same tax reporting group and where there is both a legal right of offset and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**4. Rental income**

	<b>2014</b>	2013
	£	£
Gross rental payments collected/accrued	-	60,474

**5. Property expenses**

	<b>2014</b>	2013
	£	£
Property insurance premium	-	12,263
Professional fees	-	1,818
Other expenses	35,261	195,965
Total property expenses	35,261	210,046

**6. Other expenses**

	<b>2014</b>	2013
	£	£
Audit fees	(1,500)	1,500
Valuation fees	(1,500)	-
Total other expenses	(3,000)	1,500

The auditors received no fees in respect of non-audit services to the Company (2013: £nil). The auditors' fee for the audit of the 2014 financial statements is £1,500, which has been borne by the ultimate parent company and is not recharged to the company. The credit for the 2014 audit fees represents the 2013 accrual being reversed as the fees are now being borne by the parent company.



**Horizon Property Investments Limited****Report and Financial Statements****Notes to the financial statements (continued)****6. Other expenses (continued)**

The Company had no employees during the year (2013: none).

**7. Finance costs**

	2014	2013
	£	£
Interest expense	(48,652)	(51,685)
Net finance costs	<u>(48,652)</u>	<u>(51,685)</u>

**8. Income tax credit****Recognised in the Statement of Comprehensive Income**

	2014	2013
	£	£
<b>Current tax credit</b>		
Current year credit	17,396	46,886
Total income tax credit in Statement of Comprehensive Income	<u>17,396</u>	<u>46,886</u>

**Reconciliation of effective tax rate**

	2014	2013
	£	£
Loss on ordinary activities before tax	<u>(80,913)</u>	<u>(1,941)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.50% (2013: 23.25%)	17,396	451
Disallowed and non – taxable items	-	46,691
Group relief receivable	-	-
Adjustments to prior periods	-	(256)
Total income tax credit in Statement of Comprehensive Income	<u>17,396</u>	<u>46,886</u>

**9. Income tax receivable**

The current tax asset of £17,396 (2013: £153,173) represents the amount of income tax receivable through group relief in respect of current and prior year. The Company is subject to the UK current rate of Corporation Tax.

The Finance Act 2013 (the Act) was substantively enacted on 2 July 2013. The Act further reduced the main rate of corporation tax to 21 per cent with effect from 1 April 2014 and 20 per cent with effect from 1 April 2015.

**10. Trade and other receivables**

	2014	2013
	£	£
Trade receivables	-	160,547
Value added tax receivable	-	-
Trade and other receivables	<u>-</u>	<u>160,547</u>

# Horizon Property Investments Limited

## Report and Financial Statements

### Notes to the financial statements (continued)

#### 11. Cash and cash equivalents

	2014	2013
	£	£
Bank balances	227,714	828,912
Cash and cash equivalents in the Statement of Cash Flows	<u>227,714</u>	<u>828,912</u>

#### 12. Issued capital and reserves

The distributable reserves of the Company are managed through the Group Capital and Funding Policy in order to maximise capital efficiency within the Group. Dividends are paid from reserves available for distribution to the parent undertaking twice a year according to parameters set out at a Group level so as to avoid any build up of reserve balances within the Company.

Issued capital	Ordinary shares	
	2014	2013
	£	£
Authorised		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Issued		
2 Ordinary Shares of £1 each	<u>2</u>	<u>2</u>

At 31 December 2014 the authorised share capital comprised 100 £1 ordinary shares (2013: 100).

The holder of the ordinary shares is entitled to receive dividends as declared from time to time and is entitled to vote at meetings of the Company.

#### 13. Trade and other payables

	2014	2013
	£	£
Non-trade payables and accrued expenses	-	72,042
Value added tax payable	-	10,615
	<u>-</u>	<u>82,657</u>

#### 14. Financial instruments

The Company's financial instruments comprise receivable and payables that arise directly from its operations. There are no classes of business which require separate disclosure.

##### (a) Governance framework

The Company's immediate parent is Horizon Capital 2000 Limited and intermediate parent is Bank of Scotland plc ("BOS") whose ultimate parent is Lloyds Banking Group plc ("Group"). BOS has established a financial risk management function with clear terms of reference and with the responsibility for implementing the Lloyds Banking Group framework and monitoring the policies on financial risks.

The risks related to the Company's activities are regularly evaluated.

The key financial risks relevant to the Company are credit risk, market risk, interest rate risk and liquidity risk.

**Notes to the financial statements (continued)****14. Financial instruments (continued)****(b) Financial risks****i) Credit risk**

Credit risk is the risk of financial loss from a counterparty's failure to settle financial obligations as they fall due. All amounts relate to entities which are subsidiaries of the same ultimate parent company and therefore credit risk is not deemed to be significant.

The table below sets out the maximum exposure to credit risk at the Statement of Financial Position date.

	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	227,714	828,912
	<u>227,714</u>	<u>828,912</u>

Cash and cash equivalents are carried at amortised cost, whereby any indication of impairment would result in an immediate write-down of the carrying value. These instruments consist of bank balances placed with the Group and at the reporting date none of these balances were considered past due or impaired, neither were there any financial assets that would otherwise be past due or impaired had their terms not been renegotiated.

**ii) Market risk**

Market risk is defined as the potential loss in value or earnings of the Company arising from fair value changes in the values of assets and liabilities from fluctuations in market prices, interest rates or foreign exchange rates.

At the reporting date the Company's only exposure to market risk arose from interest rate risk, as all transactions and balances were denominated in Sterling and no equity share investments were held.

**iii) Interest rate risk**

Interest rate risk exists where the Company's financial assets and liabilities have interest rates set under different bases, or which reset at different times.

The Company's cash and cash equivalent balances generate variable interest income and arise from the reinvestment of surplus liquid funds. The financial liabilities comprise fixed rate borrowings provided by another Group company and they are used to finance the Company's inventories. As at the 31 December 2014 the Company held £227,714 (2013: £828,912) in a Lloyds Bank account. The account does not pay interest and therefore interest rate risk is not deemed to be significant.

**iv) Liquidity risk**

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows relating to assets, liabilities and off-Balance Sheet instruments.

The Company's short term liquidity requirements are supported by a facility with another Group company subject to internal limits. Overall liquidity risk is managed in line with the Lloyds Banking Group High Level Group Liquidity and Funding Policy.

Lloyds Banking Group plc manages its liquidity risk within the risk appetite as defined by its Board and to ensure that it can in all circumstances meet its obligations as they fall due.

**14. Financial instruments (continued)**

**iv) Liquidity risks (continued)**

All funding is provided by the Group and the table below sets out the cash flows payable by the Company in respect of financial liabilities, by remaining contractual undiscounted repayments of principal and interest at the Statement of Financial Position date.

**As at 31 December 2014**

Maturity of contractual liabilities	Up to 1 month	1-3 months	3-12 months	Total
	£	£	£	£
Amounts due to fellow subsidiary undertaking	9,552,615	-	-	9,552,615
Trade and other payables	-	-	-	-
Total liabilities	9,552,615	-	-	9,552,615

**As at 31 December 2013**

Maturity of contractual liabilities	Up to 1 month	1-3 months	3-12 months	Total
	£	£	£	£
Amounts due to fellow subsidiary undertaking	10,303,963	-	-	10,303,963
Trade and other payables	-	82,657	-	82,657
Total liabilities	10,303,963	82,657	-	10,386,620

**15. Immediate and ultimate parent undertakings**

The Company's immediate parent company is Horizon Capital 2000 Ltd.

The company regarded by the Directors as the ultimate parent undertaking and controlling party is Lloyds Banking Group plc which is incorporated in Scotland. Lloyds Banking Group plc will produce consolidated financial statements for the year ended 31 December 2014. Copies of the annual report and financial statements of Lloyds Banking Group plc for the year ended 31 December 2014 may be obtained from Lloyds Banking Group's office at The Mound, Edinburgh, EH1 1YZ.

**16. Related parties**

The Company has a related party relationship with Lloyds Banking Group plc. A number of banking transactions are entered into with Lloyds Banking Group plc in the normal course of business including loans and deposits. As at the 31 December 2014 the Company had £227,714 (2013: £828,912) on deposit in a corporate current account. During the year to 31 December 2014 the Company had received no interest from this account (2013: £nil).

The Company also has a related party relationship with its fellow subsidiary undertaking Horizon Resources Limited. This relationship has arisen due to the provision of funding to the Company. The loan is repayable on demand and interest is charged at Bank of England base rate. For the year ended 31 December 2014 £48,652 (2013: £51,685) was payable in respect of intercompany loan interest. As at the 31 December 2014 a total of £9,552,615 (2013: £10,303,963) was payable to Horizon Resources Limited by the Company.

**Notes to the financial statements (continued)**

**16. Related parties (continued)**

The emoluments of the Directors are paid by a fellow group undertaking on behalf of the ultimate parent, Lloyds Banking Group plc, which makes no recharge to the Company.

The Directors are also directors of a number of other subsidiaries of Lloyds Banking Group plc and are also substantially engaged in the managing of their respective business areas within the Commercial Division of Lloyds Banking Group plc. Given this, it is not possible to make an accurate apportionment of Directors' emoluments in respect of the services to each of the subsidiaries. Accordingly, these financial statements include no emoluments in respect of the Directors. The total emoluments of the Directors are included in the financial statements of the ultimate parent company, Lloyds Banking Group plc.