

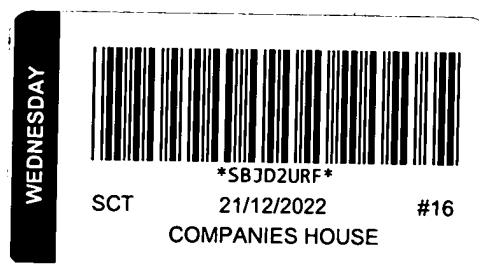
NETLATCH LIMITED

Unaudited Financial Statements

Year Ended

31 March 2022

Company Number SC222822



NETLATCH LIMITED

Company Information

Directors	Nigel H Lauer Gavin L Rabinowitz Saul J Forman
Company secretary	Saul J Forman
Registered number	SC222822
Registered office	Citypoint 65 Haymarket Terrace Edinburgh Mid Lothian EH12 5HD
Accountants	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
Bankers	Bank of Scotland The Mound Edinburgh EH1 1YZ Natwest Drummond House 1 Redheughs Avenue Edinburgh EH12 9JN
Solicitors	Blackadders 30 & 34 Reform Street Dundee DD1 1RJ

NETLATCH LIMITED

Contents

	Page
Accountants' report	1
Balance sheet	2 - 3
Notes to the financial statements	4 - 12

NETLATCH LIMITED

Chartered accountants' report to the board of directors on the preparation of the unaudited statutory financial statements of Netlatch Limited for the year ended 31 March 2022

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Netlatch Limited for the year ended 31 March 2022 which comprise the balance sheet 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 the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation>.

It is your duty to ensure that Netlatch 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 Netlatch Limited. You consider that Netlatch Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of Netlatch 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.

This report is made solely to the board of directors of Netlatch Limited, as a body, in accordance with the terms of our engagement letter dated 5 October 2022. Our work has been undertaken solely to prepare for your approval the financial statements of Netlatch Limited and state those matters that we have agreed to state to the board of directors of Netlatch Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Netlatch Limited and its board of directors, as a body, for our work or for this report.

DocuSigned by:

Martin Gill

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BDO LLP

Chartered accountants
Edinburgh
United Kingdom

19 December 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

NETLATCH LIMITED
Registered number: SC222822

**Balance sheet
as at 31 March 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	5	2,746,565	2,736,752
		<u>2,746,565</u>	<u>2,736,752</u>
Current assets			
Debtors: amounts falling due within one year	6	74,157	66,527
Cash at bank and in hand	7	294,488	334,551
		<u>368,645</u>	<u>401,078</u>
Creditors: amounts falling due within one year	9	(420,998)	(450,405)
Net current liabilities		<u>(52,353)</u>	<u>(49,327)</u>
Total assets less current liabilities		<u>2,694,212</u>	<u>2,687,425</u>
Creditors: amounts falling due after more than one year	10	(8,965,397)	(8,556,264)
Net liabilities		<u>(6,271,185)</u>	<u>(5,868,839)</u>
Capital and reserves			
Called up share capital	13	1,001,000	1,001,000
Fair value reserve	14	180,000	180,000
Profit and loss account	14	(7,452,185)	(7,049,839)
		<u>(6,271,185)</u>	<u>(5,868,839)</u>

NETLATCH LIMITED
Registered number:SC222822

Balance sheet (continued)
as at 31 March 2022

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

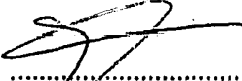
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The 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 have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

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

 19/12/22
.....
Saji J Forman
Director

The notes on pages 4 to 12 form part of these financial statements.

NETLATCH LIMITED

Notes to the financial statements for the year ended 31 March 2022

1. General information

Netlatch Limited is a private company, limited by shares, with registered number SC222822, incorporated in Scotland, UK. The address of its registered office is Citypoint, 65 Haymarket Terrace, Edinburgh, EH12 5HD and the address of its principal place of business is 1 Globe Road, Rosyth, Dunfermline, KY11 2AQ.

The principal activity of the company is property investment and provision of short term serviced accommodation.

The functional and presentational currency of the company is GBP. These financial statements are rounded to the nearest £1.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.1 Going concern

The company made a loss of £402,346 (2021 - £389,525), has net current liabilities of £52,353 (2021 - £49,327) and net liabilities of £6,271,185 (2021 - £5,868,839).

The company is reliant upon the support of Troon Investment Holdings Limited as the principal creditor of the company. The directors have received confirmation that the bond will not be called in and are therefore satisfied that the going concern basis of preparation continues to be appropriate. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding value added tax and other sales taxes. Revenue comprises rent received for short term property and serviced accommodation during the year and is recognised on an accruals basis.

2.3 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

2.4 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NETLATCH LIMITED

Notes to the financial statements for the year ended 31 March 2022

2. Accounting policies (continued)

2.5 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.6 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.7 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures & fittings	- 10%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Freehold property

Freehold property is carried at valuation determined annually and derived from the current market rents and property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in the statement of comprehensive income.

2.9 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.

2.10 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.

NETLATCH LIMITED

Notes to the financial statements for the year ended 31 March 2022

2. Accounting policies (continued)

2.11 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.

2.12 Financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the statement of comprehensive income in interest payable and expenses. The company does not currently apply hedge accounting for interest rate.

NETLATCH LIMITED

Notes to the financial statements for the year ended 31 March 2022

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

In preparing these financial statements, the directors have made the following judgements:

Fixed assets

The directors determine whether there are indicators of impairment of the company's fixed assets. Factors taken into consideration in reaching such a decision include economic viability and expected future usage and economic benefits derived from the tangible fixed assets.

Freehold properties

The directors determine whether property is carried at fair value and derived from the current market rents and property yields for comparable real estate, adjusted if necessary for and difference in the nature, location or condition of the specific asset. There is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

4. Employees

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

	2022 No.	2021 No.
Employees	7	7

5. Tangible fixed assets

	Freehold property £	Fixtures & fittings £	Total £
Cost			
At 1 April 2021	2,730,000	119,180	2,849,180
Additions	-	13,260	13,260
At 31 March 2022	2,730,000	132,440	2,862,440
Depreciation			
At 1 April 2021	-	112,428	112,428
Charge for the year on owned assets	-	3,447	3,447
At 31 March 2022	-	115,875	115,875
Net book value			
At 31 March 2022	2,730,000	16,565	2,746,565
At 31 March 2021	2,730,000	6,752	2,736,752

NETLATCH LIMITED

Notes to the financial statements for the year ended 31 March 2022

5. Tangible fixed assets (continued)

The net book value of land and buildings may be further analysed as follows:

	2022 £	2021 £
Freehold	<u>2,730,000</u>	<u>2,730,000</u>

Freehold properties in Rosyth were revalued by Graham & Sibbald, Chartered Surveyors, on 20 September 2021. The directors have chosen to use the valuation provided on the basis that the remaining property would be sold as a group sale, rather than on a piecemeal basis. The directors do not believe the market value at 31 March 2022 to be materially different.

6. Debtors

	2022 £	2021 £
Trade debtors	48,586	35,236
Other debtors	24,819	25,194
Prepayments and accrued income	-	5,345
Tax recoverable	752	752
	<u>74,157</u>	<u>66,527</u>

7. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	<u>294,488</u>	<u>334,551</u>

8. Contingent asset

The company has a contingent asset due to the disposal of freehold investment property in previous years to the value of £5,890,000. The company may earn future proceeds on the disposal should the purchaser achieve certain agreed upon targets, however these financial statements do not include any adjustment for these future amounts due to the uncertainty of them being received.

NETLATCH LIMITED

Notes to the financial statements for the year ended 31 March 2022

9. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	9,707	10,000
Other loans	310,303	310,303
Trade creditors	18,334	3,519
Other creditors	48,259	92,728
Accruals and deferred income	34,395	33,855
	<u>420,998</u>	<u>450,405</u>

In the prior period the company obtained a Bounce Back Loan. The loan is unsecured and carries an interest rate of 2.5% repayable over 5 years.

10. Creditors: Amounts falling due after more than one year

	2022 £	2021 £
Bank loans	31,960	40,000
Other loans	8,683,437	8,266,264
Other creditors	250,000	250,000
	<u>8,965,397</u>	<u>8,556,264</u>

Secured loans

The other creditors are loans due to Michael J Saunders (former director) and Nigel H Lauer (director), which are back to back loans from Troon Investment Holdings Limited.

The deep discount bond is secured by a standard security over the investment properties, a floating charge over the assets of the company and a debenture held by the parent company creating fixed and floating charges over its assets.

There is an intercreditor agreement in place which ranks the deep discount bonds ahead of the other loans.

NETLATCH LIMITED

Notes to the financial statements for the year ended 31 March 2022

11. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year		
Bank loans	9,707	10,000
Other loans	310,303	310,303
	<u>320,010</u>	<u>320,303</u>
Amounts falling due 1-2 years		
Bank loans	9,952	10,000
Other loans	5,486,885	-
	<u>5,496,837</u>	<u>10,000</u>
Amounts falling due 2-5 years		
Bank loans	22,008	30,000
Other loans	3,196,552	8,266,264
	<u>3,218,560</u>	<u>8,296,264</u>
	<u>9,035,407</u>	<u>8,626,567</u>

The other loan is secured by a personal guarantee from Michael J Saunders and Nigel H Lauer.

The deep discount bonds are issued at a discount to the amount repayable. Of the bonds £7,616,400 (2021 - £7,199,227) is repayable subject to the intercreditor agreement as described in note 10. £1,067,037 (2021 - £1,067,037) is repayable on 31 December 2023 at a value of £5,486,885.

NETLATCH LIMITED

Notes to the financial statements for the year ended 31 March 2022

12. Deferred taxation

There is an unrecognised deferred tax asset of £174,361 (2021 - £132,277) in respect of fixed asset timing differences and other timing differences on the deep discounted bond. The deferred tax asset has not been recognised due to uncertainty over its recoverability in future years.

13. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
250 (2021 - 250) Ordinary A shares of £1 each	250	250
750 (2021 - 750) Ordinary B shares of £1 each	750	750
1,000,000 (2021 - 1,000,000) Ordinary C shares of £1 each	1,000,000	1,000,000
	<hr/>	<hr/>
	1,001,000	1,001,000
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The Ordinary A shares have ten votes per share, rank equally with Ordinary B and Ordinary C shares for rights to dividends, rights to capital distributions and no redemption rights.

The Ordinary B shares have one vote per share, rank equally with Ordinary A and Ordinary C shares for rights to dividends, rights to capital distributions and no redemption rights.

The Ordinary C shares have no voting rights, rank equally with Ordinary A and Ordinary B shares for rights to dividends, rights to capital distributions and no redemption rights.

14. Reserves

Fair value reserve

The fair value reserve represents the revaluation of the freehold property fixed assets.

Profit & loss account

The profit and loss account represents the accumulated profit and losses on the activities of the company.

NETLATCH LIMITED

Notes to the financial statements for the year ended 31 March 2022

15. Related party transactions

The company is a subsidiary of Capital & Provincial (Realty) Limited and has taken advantage of the exemption conferred by section 33 of FRS102 'Related Party Disclosures' not to disclose transactions with Capital & Provincial (Realty) Limited.

Included within other creditors is £125,000 (2021 - £125,000) due to Nigel Howard Lauer, a director of the company, which is a back to back loan due to Troon Investment Holdings Limited.

Included within other creditors is £125,000 (2021 - £125,000) due to Michael John Saunders, who served as a director of the company in prior years, which is a back to back loan due to Troon Investment Holdings Limited.

Included within other debtors is £16,474 (2021 - £16,474) due from Michael John Saunders, who served as a director of the company in prior years.

Included within other loans falling due after more than one year is an amount due in respect of a deep discount bond of £8,683,437 (2021 - £8,266,264) due to Troon Investment Holdings Limited, a related party. Discount unwind of £417,173 (2021 - £418,316) was charged to interest payable during the year.

16. Controlling party

The ultimate holding company is Capital & Provincial (Realty) Limited (SC428575), however control rests with Troon Investment Holdings Limited, registered address: C/O: Abacus Trust And Management Services Limited, Road Town, Tortola, British Virgin Islands.

The ultimate controlling party is Credo Property III Limited due to its control over Troon Investment Holdings Limited. Credo Properties III Limited has registered address: C/O: Abacus Trust And Management Services Limited, Road Town, Tortola, British Virgin Islands.