West Craigs Limited

Report and Financial Statements

For the year ended 31 December 2018

Company Number SC226585

Contents

Company Information

Board of Directors	N S Burnett A Hulme A C Bone (resigned 23 February 2018)
Company Secretary	D D Hennessey
Registered office	The Mound Edinburgh United Kingdom EH1 1YZ
Independent Auditors	PricewaterhouseCoopers LLP Atria One 144 Morrison Street Edinburgh EH3 8EX
Bankers	Lloyds Bank plc 25 Gresham Street *London* EC2V 7HN
Company Number	SC226585

Directors' Report

The Directors are pleased to present their report and audited financial statements for West Craigs Limited ('the Company') for the year ended 31 December 2018. 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 is the ownership and development of land and no change is expected in that activity. There have been no property transactions in the year. The land is farmed to grow crops which are harvested and then sold. There is £46,874 revenue from wheat sales (2017: £43,526) recognised during the year and £9,310 revenue from bean sales (2017: £33,145) recognised during the year. Revenue from barley and straw sales totalled £23,044 and £4,180 respectively during the year (2017: £nil).

During the year the Company incurred £429,987 (2017: £373,704) on a number of professional fees and expenses in connection with the development of the land and progressing planning matters. During 2018 the Company reached a significant milestone as planning permission in principle was granted by the local authority following the winning of the company's appeal against initial refusal. Going forward, the Company will continue to invest in activities with a view to the realisation of future development and value release from the land.

The Company is registered in Scotland, United Kingdom and is a private company limited by shares.

Results and dividends

The loss after tax for the Company for the year to 31 December 2018 was £60,297 (2017: £55,898). The increase in loss is mainly driven by an increase in operating costs. No dividends were paid during the year (2017: £nil).

Financial instruments

The financial risk management objectives and policies of the Company and the exposure to market risk, credit risk, interest rate risk and liquidity risk are covered in note 16 to the financial statements.

Going concern

As set out in note 3 of the financial statements, the Directors are satisfied that the Company has adequate access to funding from its fellow group undertakings to enable it to continue in business for the foreseeable future and consequently the going concern basis continues to be appropriate in preparing the financial statements.

Strategic report: small companies exemption

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

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the financial statements and this report are 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
A C Bone	-	23 February 2018
A Hulme	23 February 2018	-

Directors' 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 and at the date of approval of the financial statements (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 independent auditors, PricewaterhouseCoopers LLP, are deemed to be re-appointed as auditors under section 457(2) of the Companies Act 2006.

Directors' Report (continued)

Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

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

The directors 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.

Statement of disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Signed on behalf of West Craigs Limited

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Neil Burnett

Director

26th September 2019

Independent auditors' report to the members of West Craigs Limited

Report on the audit of the financial statements

Opinion

In our opinion, West Craigs Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended 31 December 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Reporting on other information (continued)

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of the Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Christopher Meyrick (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
26 September 2019

Statement of Comprehensive Income

For the year ended 31 December 2018

	Note	2018 £	2017 £
Revenue from crop sales	4	83,408	76,671
Cost of sales	6	(67,650)	(82,777)
Gross profit/(loss)		15,758	(6,106)
Operating expenses	7	(60,721)	(67,090)
Other expenses	8	(29,909)	(950)
Other income	-	431	821
Other gains	5	-	4,101
Operating loss before finance costs		(74,441)	(69,224)
Loss before tax		(74,441)	(69,224)
Income tax credit	9	14,144	13,326
Loss after tax for the year		(60,297)	(55,898)

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 expense for the year.

The accompanying notes on pages 13 to 22 form part of these financial statements.

Statement of Financial Position

As at 31 December 2018

	Note	2018	2017
		£	£
Assets			
Non-current assets			
Inventories	5	3,054,498	2,624,511
Current assets			
Trade and other receivables	10	79,657	90,800
Cash and cash equivalents	11	23,569	39,594
Income tax receivable	12	14,144	13,328
Total current assets		103,226	143,720
Total assets		3,171,868	2,768,231
Equity			
Issued capital	13	100	100
Retained earnings		397,800	458,097
Capital reserve	14	2,678,438	2,278,438
Total equity		3,076,338	2,736,635
Current liabilities			
Trade and other payables	15	95,530	31,596
Total current liabilities		95,530	31,596
Total equity and liabilities		3,171,868	2,768,231

The financial statements on pages 9 to 22 were approved by the board of Directors at a meeting on 26th September 2019 and signed on its behalf by:

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Neil Burnett

Director
West Craigs Limited

Company Number SC226585

The accompanying notes on pages 13 to 22 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2018

	Issued Capital £	Retained Earnings £	Capital Reserve £	Total Equity £
Balance at 1 January 2018	100	458,097	2,278,438	2,736,635
Loss after tax for the year	-	(60,297)	-	(60,297)
Investment from Horizon Capital 2000 Limited	-	-	400,000	400,000
Balance at 31 December 2018	100	397,800	2,678,438	3,076,338

	Issued Capital £	Retained Earnings £	Capital Reserve £	Total Equity £
Balance at 1 January 2017	100	513,995	350,000	864,095
Loss after tax for the year	-	(55,898)	-	(55,898)
Investment from Horizon Capital 2000 Limited	-	-	1,928,438	1,928,438
Balance at 31 December 2017	100	458,097	2,278,438	2,736,635

The accompanying notes on pages 13 to 22 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2018

	Note	2018	2017
		£	£
Cash flows from operating activities			
Operating loss before financing costs		(74,482)	(69,224)
Increase in inventories		(429,987)	(373,804)
Decrease in trade and other receivables		11,184	12,305
Income tax refund		13,326	21,999
Increase/(decrease) in trade and other payables		63,934	(2,641)
Net cash used in operating activities		(416,025)	(411,365)
Cash flows from financing activities			
Capital investment from immediate parent company		400,000	350,000
Net cash generated from financing activities		400,000	350,000
Net decrease in cash and cash equivalents		(16,025)	(61,365)
Cash and cash equivalents at 1 January		39,594	100,959
Cash and cash equivalents at 31 December	11	23,569	39,594

No non-cash movements occurred during the year. During the prior year a non-cash movement occurred that is not included in the statement of cash flows. This assigned the funding of £1,578,438 provided by Horizon Resources Limited (now dissolved) and previously presented within liabilities, to the Company's immediate parent Horizon Capital 2000 Limited. This assignment is presented as part of the capital reserve within equity.

The accompanying notes on pages 13 to 22 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.

The financial statements have been prepared on the historical cost basis, and under the going concern principle on the basis that the Company has sufficient resources from its immediate parent undertaking should it require to meet its liabilities.

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 2018 but the Company has not elected to adopt early:

- Amendments to IFRS 9, 'Financial instruments' (accounting periods starting on or after 1 January 2019).
- IFRS 16 'Leases' (accounting periods starting on or after 1 January 2019).

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 2018 that are relevant to the Company.

Currency

The financial statements are presented in Sterling which is the Company's functional and presentational currency.

Notes to the financial statements (continued)

2. 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) Amounts due to fellow subsidiaries

These are classified as loans and payables where there is no active market. They are initially recognised at fair value plus directly related transaction costs and are subsequently carried on the Statement of Financial Position at amortised cost using the effective interest rate method less provision for impairment.

(b) Critical accounting estimates and judgments

The preparation of financial statements requires management to make judgments, 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, judgments 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 estimates and judgments 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.

Estimates

Recognisability of deferred tax

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.

Inventory

- ***Agricultural Assets***

Agricultural assets in inventories are stated at fair value less costs to sell. The inventories relate to harvested crops held in storage at the year end and capitalised agriculture costs relating to subsequent year's harvests. Where harvested crops correspond to committed sales as at the year end which will be delivered in the subsequent period they are valued based on the pre-determined sales price less any additional costs which will be incurred to fulfil the sale. The amounts included in Inventory in relation to costs of subsequent years' harvests, management consider the potential impairment of this amount with reference to anticipated future realisable value which in turn is dependent upon best estimates of price and market expectations. These costs are then taken to cost of sales in the following year when the related sale is recognised in revenue, typically upon delivery of the harvested crops.

- ***Land***

Land inventories are stated at the lower of cost and net realisable value. The inventories relate to property at West Craigs, Edinburgh. Net realisable value is assessed by considering the expected future selling price which is dependent upon best estimates of price and market expectations, less costs to sell.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Critical judgments in applying the entity's accounting policies (continued)

Estimates **(continued)**

Inventory - *Land* (continued)

The fair market valuations which are provided by an external Valuation Advisor, are reviewed and where appropriate challenged by the Fund's Investment Manager on the basis of their knowledge and understanding of current prevailing market conditions and transactional activity obtained from a variety of other external sources. Estimation uncertainty is mitigated by appointing the services of an expert property valuer.

Fair value of investment properties

The best evidence of the fair value of investment properties is the current price in an active market for similar lease or other contracts. In the absence of such information, the Fund determines the amount within a range of reasonable fair value estimates and assumptions based on market conditions existing at each period end.

Open market value is determined by reference to:

- Information provided by the Fund such as current rents, terms and conditions of lease agreements, service charges, capital expenditure, etc. This information is derived from the Fund's financial and property management processes and is subject to the Fund's overall control environment.
- Valuation models used by the valuers – these are typically market related, such as yields and rental value. These are based on their professional judgement and market observation.

The fair market valuations provided by the external Valuation Advisor, are reviewed and where appropriate challenged by the Investment Manager on the basis of their knowledge and understanding of current prevailing market conditions and transactional activity obtained from a variety of other external sources.

Estimation uncertainty is mitigated by appointing the services of an expert property valuer

Judgements

Amount of deferred tax

The recognition of deferred tax assets requires management judgement in determining the extent and amount which should be recognised.

(c) Trade and other receivables

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

(d) 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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(e) 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 asset's 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.

(f) Trade and other payables

Trade and other payables are stated at cost.

(g) Taxation

Tax expense comprises current and deferred tax. Current and deferred tax are charged or credited in the statement of comprehensive income except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside the statement of comprehensive income (either in other comprehensive income, directly in equity, or through a business combination), in which case the tax appears in the same statement as the transaction that gave rise to it.

Current tax is the amount of corporate income taxes expected to be payable or recoverable based on the profit for the period as adjusted for items that are not taxable or not deductible, and is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date.

Current tax includes amounts provided in respect of uncertain tax positions when management expects that, upon examination of the uncertainty by Her Majesty's Revenue and Customs (HMRC) or another tax authority, it is more likely than not that an economic outflow will occur.

Notes to the financial statements (continued)

(g) Taxation (continued)

Provisions reflect management's best estimate of the ultimate liability based on their interpretation of tax law, precedent and guidance, informed by external tax advice as necessary. Changes in facts and circumstances underlying these provisions are reassessed at each balance sheet date, and the provisions are re-measured as required to reflect current information.

(h) Revenue recognition

Sales of harvested crops are recognised at contracted value when the entity fulfils its performance obligation to deliver the crops to the purchaser. This is the point at which control is passed to the purchaser and the risks and rewards of the crops are transferred to the purchaser. Any future sale commitments are made only once dried harvest tonnages are known. All crops are fully insured until physical transfer takes place.

(i) Expenses

Expenses are recognised on an accruals basis except for the capitalised agriculture costs relating to next year's harvest.

3. Going concern – Principles underlying going concern assumption

The Company's capital comprises all components of equity, movements in which appear in the Statement of changes in equity. The Company receives its funding requirements from its fellow group undertakings and does not raise funding externally. Accordingly, the financial statements have been prepared on a going concern basis.

4. Revenue from sale of crops

During the year, spring barley was placed in place of spring wheat, a rotational decision due to the extremes of winter and spring weather.
112.96 tonnes of barley were sold at £204 per tonne (2017: no barley sales). This also yielded straw sales during the year; 44 tonnes of straw were sold at £95 per tonne (2017: no straw sales).
Within crop sales are also 34.74 tonnes of beans sold at £268 per tonne (2017: 124.55 tonnes of beans sold at £175 per tonne and 75.66 tonnes sold at £150 per tonne).
Also within crop sales are 267.85 tonnes of wheat sold at £175 per tonne (2017: 300.18 tonnes sold at £145 per tonne).
Sales of all crops were delivered to the purchaser during 2018.

5. Inventories

	2018	2017
	£	£
At 1 January	2,624,511	2,250,707
Additions	497,637	452,480
Fair value adjustment of inventory	-	4,101
WIP transferred to Statement of Comprehensive Income	(67,650)	(82,777)
At 31 December	3,054,498	2,624,511

As at 31 December 2018, all beans, wheat, barley and straw harvested during the 2018 harvest had been sold and delivered to the purchaser. The value of goods sold has therefore been accounted for as part of crop sales. Expenses incurred in relation to these crops are shown as cost of sales.

6. Cost of sales

These represent the proportion of expenses incurred in relation to the crops delivered during the year.

Notes to the financial statements (continued)

7. Operating expenses

	2018	2017
	£	£
Property expenses	36,504	39,662
Void operating expenses	24,217	27,428
Total operating expenses	60,721	67,090

8. Other expenses

	2018	2017
	£	£
Surveyors fees	-	950
Valuation fees	29,950	-
	29,950	950

The auditors received no fees in respect of non-audit services to the Company (2017: £nil). The auditors' fee for the audit of the 2018 financial statements has been borne by the ultimate parent company and has not been recharged to the company.
The Company had no employees during the year (2017: none).

9. Income tax credit

a) Analysis of tax credit for the year

	2018	2017
	£	£
UK corporation tax:		
Current tax on taxable loss for the year	14,144	13,326
Adjustments in respect of prior years	-	-
Current tax credit	14,144	13,326
Tax credit	14,144	13,326

Corporation tax is calculated at a rate of 19.00 % (2017: 19.25%) of the taxable loss for the year.

b) Factors affecting the tax credit for the year

A reconciliation of the credit that would result from applying the standard UK corporation tax rate to the loss before tax to the actual tax charge for the year is given below:

	2017	2016
	£	£
Loss on ordinary activities before tax	(74,441)	(69,224)
Tax credit thereon at corporation tax rate of 19.25% (2016:20.00%)	14,144	13,326
Tax credit on loss on ordinary activities	14,144	13,326

Notes to the financial statements (continued)

10. Trade and other receivables

	2018	2017
	£	£
Accrued income	46,874	65,322
Other receivables	4,408	4,475
VAT repayment	28,375	21,003
	79,657	90,800

11. Cash and cash equivalents

	2018	2017
	£	£
Bank balances	23,569	39,594
Cash and cash equivalents	23,569	39,594

12 Income tax receivable

The current tax asset of £14,144 (2017: £13,326) represents the amount of income taxes receivable in respect of the current year and prior year amounts yet to be settled by group relief.

The Finance Act 2016 reduced the main rate of corporation tax to 17% with effect from 1 April 2020.

13. Issued capital

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	
	2018	2017
	£	£
Issued		
100 Ordinary Shares of £1 each	100	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.

14. Capital Reserve

	2018	2017
	£	£
At 1 January	2,278,438	350,000
Assignment of funding from Horizon Resources Limited*	-	1,578,438
Investment from Horizon Capital 2000 Limited	400,000	350,000
At 31 December	2,678,438	2,278,438

*this company was dissolved on 11 September 2018.

Notes to the financial statements (continued)

15. Trade and other payables

	2018	2017
	£	£
Other payables	95,530	31,596
	95,530	31,596

16. Financial Instruments

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

(a) Governance framework

The Company's ultimate parent is Lloyds Banking Group plc ("Group"). The Group has established a risk management function and framework for monitoring it's 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.

(b) Financial risks

(i) Credit risk

Credit risk is the risk of financial loss from 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.

	2018	2017
	£	£
Cash and cash equivalents	23,569	39,594
Trade and other receivables	79,657	90,800
	103,226	130,394

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 with the Group and have an internal credit rating of better than satisfactory. At the reporting date none of these balances were considered past due or impaired, neither were there any trade and other receivables that would otherwise be past due or impaired had their terms not been renegotiated. At the reporting date there were no impaired or past due receivables.

(ii) Market risk

Market risk is defined as the potential loss in value or earnings of the Company arising 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.

Notes to the financial statements (continued)

16. Financial instruments (continued)

(b) Financial risks (continued)

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 2018 the Company held a total of £23,569 (2017: £39,594) in a Lloyds Bank account. The Lloyds Bank account does not pay interest therefore this interest rate risk is not deemed to be significant.

(iii) 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.

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 2018

Maturity of contractual liabilities	Up to 1 mth	1-3 mths	3-12 mths	Total
	£	£	£	£
Trade and other payables	95,530	-	-	95,530
Total liabilities	95,530	-	-	95,530

As at 31 December 2017

Maturity of contractual liabilities	Up to 1 mth	1-3 mths	3-12 mths	Total
	£	£	£	£
Trade and other payables	31,596	-	-	31,596
Total liabilities	31,596	-	-	31,596

Notes to the financial statements (continued)

17. Parent undertakings

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

The immediate parent company of Horizon Capital 2000 Limited is Uberior Investments Limited. The company regarded by the directors as the ultimate parent company and controlling party is Lloyds Banking Group plc (incorporated in Scotland), which is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and of which the Company is a member. Copies of the financial statements of both companies may be obtained from Group Secretariat, Lloyds Banking Group plc, 25 Gresham Street, London, EC2V 7HN. The Lloyds Banking Group plc financial statements may be downloaded via www.lloydsbankinggroup.com.

18. Related parties

The Company has a number of related party transactions. These are summarised below.

Lloyds Banking Group plc

- A related party relationship arises as Lloyds Banking Group plc is the Company's ultimate parent company.
- A number of banking transactions are entered into with Lloyds Banking Group plc in the normal course of business.
- As at the 31 December 2018 the Company had £23,569 (2017: £39,594) on deposit in a Lloyds Banking Group plc corporate current account. During the year to 31 December 2018 the Company had received £41 interest from this account (2017: £nil).
- The Company's audit fees are also settled by Lloyds Banking Group plc. These fees are not recharged. The audit fee is part of a larger allocation that is not split out by each entity.

Horizon Capital 2000 Limited

- A related party relationship arises as Horizon Capital 2000 Limited is the Company's immediate parent company.
- During the year ended 31 December 2018 a total of £400,000 (2017: £350,000) was invested into the Company by Horizon Capital 2000 Limited. This is represented as a capital reserve within equity.
- On 23 May 2017, Horizon Resources Limited (now dissolved) assigned its funding of £1,578,438 provided to West Craigs Limited to Horizon Capital 2000 Limited. The effect of this assignation was to transfer all rights and obligations to Horizon Capital 2000 Limited. The assigned funding is represented as part of the capital reserve within equity.