West Craigs Limited

Report and Financial Statements

For the year ended 31 December 2020

Company Number SC226585

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Company Information

Board of Directors	N S Burnett A Hulme (resigned 9 March 2020) M M De Vries (appointed 10 March 2020)
Company Secretary	D D Hennessey
Registered office	The Mound Edinburgh United Kingdom EH1 1YZ
Independent Auditors	PWC LLP Atria One 144 Morrison Street Edinburgh EH3 8EX United Kingdom
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 2020. 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. In previous years, the land was farmed to grow crops which were harvested and then sold. During 2019, as investigative groundworks progressed, the viability of the land for farming reduced and only wheat was harvested and sold and subsequently these activities ceased and there was no cropping during 2020. There was £13,627 revenue from wheat sales recognised during the prior year.

During the year the Company incurred £2,946,762 (2019: £3,797,959) on a number of professional fees and expenses.These fees and expenses were in relation to approving matters in the planning consent for the main site, progressing the site enabling and infrastructure provision for the main site and progressing planning for West Craigs North. In the succeeding business period the Company commenced the provision of infrastructure with payments being made to the appointed contractor and professionals dealing with this contract on behalf of the Company.

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 2020 was £89,006 (2019: £94,166). The Directors do not recommend the payment of a dividend in relation to 2020 (2019: £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. There were no political donations or political expenses made or incurred during the year.

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

Directors' Report (continued)

Directors and their interests (continued)

Director	Date of Appointment	Date of Resignation
A Hulme	-	9 March 2020
M M De Vries	10 March 2020	-

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 after 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

Pursuant to section 487(2) of the Companies Act 2006, the auditors of the Company are deemed re-appointed for each financial year unless the Directors of the Company resolve to terminate their appointment. Following the completion of a tender process, Deloitte LLP are to be appointed as auditors of the Company for accounting periods ending on or after 31 December 2021.

Directors' Report (continued)

Statement of Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the 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 accounting standards in conformity with the requirements of the Companies Act 2006. Under company law 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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

....
Neil Burnett

Director
23rd September 2021

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 2020 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 2020; Statement of Comprehensive income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended; 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2020 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure of the Company and assumptions and judgements made by management in their significant accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of board of directors;
- Identifying and testing journal entries,with a focus on large or unusual transactions based on our understanding of the Company, transactions with unusual account combinations, transactions containing unusual account descriptions and transactions with unusual trend, nature or timing;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to net realisable value of the inventories.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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.

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.

Christopher Meyrick (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
23rd September 2021

Statement of Comprehensive Income

For the year ended 31 December 2020

	Note	2020	2019
		£	£
Revenue from crop sales	4	-	13,121
Cost of sales	6	-	(44,710)
Gross profit/(loss)		-	(31,589)
Operating expenses	7	(95,441)	(70,320)
Other expenses	8	(15,000)	(15,000)
Other income	-	403	330
Operating loss		(110,038)	(116,579)
Financial income		154	325
Loss before tax		(109,884)	(116,254)
Income tax credit	9	20,878	22,088
Loss after tax for the year		(89,006)	(94,166)

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 14 to 24 form part of these financial statements.

Statement of Financial Position

As at 31 December 2020

	Note	2020	2019
		£	£
Assets			
Non-current assets			
Inventories	5	9,799,218	6,852,456
Current assets			
Trade and other receivables	10	286,793	422,533
Cash and cash equivalents	11	112,987	54,142
Income tax receivable	12	20,878	22,088
Total current assets		420,658	498,763
Total assets		10,219,876	7,351,219
Equity			
Issued capital	13	100	100
Retained earnings		214,628	303,634
Capital reserve	14	9,892,474	6,978,438
Total equity		10,107,202	7,282,172
Current liabilities			
Trade and other payables	15	112,674	69,047
Total current liabilities		112,674	69,047
Total equity and liabilities		10,219,876	7,351,219

The financial statements on pages 10 to 24 were approved by the Board of Directors and were signed on its behalf by:

....

Neil Burnett

Director
West Craigs Limited

23rd September 2021

Company Number SC226585

The accompanying notes on pages 14 to 24 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2020

	Issued Capital £	Retained Earnings £	Capital Reserve £	Total Equity £
Balance at 1 January 2020	100	303,634	6,978,438	7,282,172
Loss after tax for the year and total comprehensive income for the year	-	(89,006)	-	(89,006)
Investment from Horizon Capital 2000 Limited	-	-	2,914,036	2,914,036
Balance at 31 December 2020	100	214,628	9,892,474	10,107,202

	Issued Capital £	Retained Earnings £	Capital Reserve £	Total Equity £
Balance at 1 January 2019	100	397,800	2,678,438	3,076,338
Loss after tax for the year and total comprehensive income for the year	-	(94,166)	-	(94,166)
Investment from Horizon Capital 2000 Limited	-	-	4,300,000	4,300,000
Balance at 31 December 2019	100	303,634	6,978,438	7,282,172

The accompanying notes on pages 14 to 24 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2020

	Note	2020	2019
		£	£
Cash flows from operating activities			
Operating loss		(110,038)	(116,579)
Increase in inventories		(2,946,762)	(3,797,958)
Decrease/(Increase) in trade and other receivables		135,740	(342,876)
Income tax refund		22,088	14,144
Increase/(Decrease) in trade and other payables		43,627	(26,483)
Net cash used in operating activities		(2,855,345)	(4,269,752)
Cash flows from financing activities			
Capital investment from immediate parent company		2,914,036	4,300,000
Net cash generated from financing activities		2,914,036	4,300,000
Cash flows from investing activities			
Bank interest received		154	325
Net cash generated from investing activities		154	325
Net increase in cash and cash equivalents		58,845	30,573
Cash and cash equivalents at 1 January		54,142	23,569
Cash and cash equivalents at 31 December	11	112,987	54,142

The accompanying notes on pages 14 to 24 form part of these financial statements.

Notes to the financial statements

1. Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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.

New and amended standards and interpretations adopted by the Company

A number of new standards were effective from 1 January 2020 but they had no impact on the Company's Financial Statements.

Early adoption of standards

The Company did not early adopt any new or amended standards in the year ended 31 December 2020.

There are no other standards and amendments to published standards that are mandatory for the current accounting year beginning on 1 January 2020 that are relevant to the Company.

Currency

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

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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(c) Critical accounting estimates and judgments (continued)

Estimates and judgements

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

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.

The fair market valuations which are provided by an external Valuation Advisor, are reviewed and where appropriate challenged by the Company'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 inventories - land

The best evidence of the fair value of the land is the current price in an active market for similar lease or other contracts. In the absence of such information, the Company 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 Company such as current rents, terms and conditions of lease agreements, service charges, capital expenditure, etc. This information is derived from the Company's financial and property management processes and is subject to the Company'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.

Amount of deferred tax

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

(d) Trade and other receivables

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

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(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 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.

(g) Trade and other payables

Trade and other payables are stated at cost.

(h) 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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

(h) Taxation (continued)

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.

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.

(i) 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.

(j) 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.

On 1 February 2021 a funding agreement between LBG Equity Investments and the Company was effected. The total facility amount is £22,000,000 and the Company will make drawdowns on the facility for the purposes set out in the agreement, namely to carry out the infrastructure works. The debt arrangement fee was 2% (£400,000) and this was added to the loan sum. Interest is charged on the drawn element of the facility at 12% per annum. Interest on the undrawn balance is charged at 2.80% per annum. The maturity date of the facility 31 December 2024.

Accordingly, the financial statements have been prepared on a going concern basis.

4. Revenue from sale of crops

Due to the progression of the site investigation and archaeological works at West Craigs there was no cropping during 2020 and activities in relation to the cultivation and harvesting of crops have now ceased. In the prior year, farming activity had reduced to winter cover and some wheat. Crop sales for 2019 consisted entirely of wheat sales; 100 tonnes of wheat were sold at £136 per tonne.

Notes to the financial statements (continued)

5. Inventories

	2020	2019
	£	£
At 1 January	6,852,456	3,054,498
Additions	2,946,762	3,842,668
WIP transferred to Statement of Comprehensive Income	-	(44,710)
At 31 December	9,799,218	6,852,456

Cropping activities ceased before the start of the current year. As at 31 December 2019, all crops harvested during the 2019 harvest had been sold and delivered to the purchaser. The value of goods sold was accounted for as part of crop sales and expenses incurred in relation to these crops were shown as cost of sales.

Capital commitments

As at 31 December 2020, the Company was contractually committed to the below **capital spend** on infrastructure and enabling works to enable development:

	2020	2019
	£	£
No later than one year	13,248,466	-
Later than one year	7,465,443	-
At 31 December	20,713,909	-

6. Cost of sales

As no cropping activities were undertaken during 2020 there are no cost of sales. Prior year cost of sales represent the proportion of expenses incurred in relation to the crops delivered during the prior year.

7. Operating expenses

	2020	2019
	£	£
Property expenses	55,230	38,515
Void operating expenses	40,211	31,805
Total operating expenses	95,441	70,320

8. Other expenses

	2020	2019
	£	£
Surveyors fees	-	-
Valuation fees	15,000	15,000
	15,000	15,000

The auditors received no fees in respect of non-audit services to the Company (2019: £nil). The auditors' fee for the audit of the 2020 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 (2019: none).

Notes to the financial statements (continued)

9. Income tax credit

a) Analysis of credit for year

	2020	2019
	£	£
UK corporation tax:		
Current tax on taxable loss for the year	20,878	22,088
Adjustments in respect of prior years	-	-
Current tax credit	20,878	22,088
Tax credit	20,878	22,088

Corporation tax is calculated at a rate of 19.00 % (2019: 19.00%) of the taxable loss for the year. There are no reconciling differences that would result from applying the standard UK corporate tax rate to the loss before tax to the actual charge

b) Factors affecting the credit for the year

	2020	2019
	£	£
Loss for the year:	(109,884)	(116,254)
Tax credit thereon at UK corporation tax rate of 19.00%(2019: 19.00%)	20,878	22,088
Factors affecting charge	-	-
Tax credit on loss on ordinary activities	20,878	22,088
Effective rate	19.00%	19.00%

10. Trade and other receivables

	2020	2019
	£	£
Accrued income	-	13,627
Other receivables	6,666	4,274
VAT repayment	280,127	404,632
	286,793	422,533

The VAT repayment represents VAT incurred on professional and infrastructure expenses associated with the development of the land at West Craigs and is recoverable from HMRC.

11. Cash and cash equivalents

	2020	2019
	£	£
Bank balances	112,987	54,142
Cash and cash equivalents	112,987	54,142

Notes to the financial statements (continued)

12 Income tax receivable

The current tax asset of £20,878 (2019: £22,088) represents the amount of income taxes receivable in respect of the current year and prior year amounts yet to be settled by group relief.

13. Issued capital

Issued capital

	Ordinary shares	
	2020	2019
	£	£
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

	2020	2019
	£	£
At 1 January	6,978,438	2,678,438
Investment from Horizon Capital 2000 Limited	2,914,036	4,300,000
At 31 December	9,892,474	6,978,438

15. Trade and other payables

	2020	2019
	£	£
Other payables	112,674	69,047
	112,674	69,047

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 its 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)

16. Financial instruments (continued)

(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.

	2020	2019
	£	£
Cash and cash equivalents	112,987	54,142
Trade and other receivables	286,793	422,533
	399,780	476,675

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.

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 2020 the Company held a total of £112,987 (2019: £54,142) 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.

Notes to the financial statements (continued)

16. Financial instruments (continued)

(b) Financial risks (continued)

(iii) Liquidity risk (continued)

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 2020

Maturity of contractual liabilities	Up to 1 mth	1-3 mths	3-12 mths	Total
	£	£	£	£
Trade and other payables	112,674	-	-	112,674
Total liabilities	112,674	-	-	112,674

As at 31 December 2019

Maturity of contractual liabilities	Up to 1 mth	1-3 mths	3-12 mths	Total
	£	£	£	£
Trade and other payables	69,047	-	-	69,047
Total liabilities	69,047	-	-	69,047

17. Contingent liabilities

Following the granting of Construction consent by the City of Edinburgh Council, the Company will be required to construct private roads in connection with proposed housing, school servicing and site wide infrastructure. The estimated cost of these roadworks is £1,866,036.
A Guarantee Facility between Lloyds Bank Plc and West Craigs Limited was put in place during the year to satisfy the "Road Bond" requirement of City of Edinburgh Council. The Council required this as part of the application for Road Construction Consent, a key element of the wider infrastructure work. The bond provides collateral to the Council in the event that the Company was to fail to complete the roadworks due to be carried out.
The bond amount is £1,866,036 and can be terminated at Lloyds Bank plc's discretion, likely to be June 2022 when infrastructure works are complete.

18. 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.

Notes to the financial statements (continued)

18. Parent undertakings (continued)

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.

19. Related parties

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

Lloyds Banking Group plc and its subsidiaries

- 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 and its subsidiaries in the normal course of business.
- As at the 31 December 2020 the Company had £112,987 (2019: £54,142) on deposit in a Lloyds Bank corporate current account. During the year to 31 December 2020 the Company had received £154 interest from this account (2019: £325).
- 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.
- A Guarantee Facility between Lloyds Bank Plc and West Craigs Limited exists to satisfy the "Road Bond" requirement of City of Edinburgh Council. The bond provides collateral to the Council in the event that the Company was to fail to complete the roadworks due to be carried out. The bond amount is £1,866,036 and can be terminated at Lloyds Bank plc's discretion, likely to be June 2022 when infrastructure works are complete.

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 2020 a total of £2,914,036 (2019: £4,300,000) was invested into the Company by Horizon Capital 2000 Limited. This is represented as a capital reserve within equity.

19. Events after the reporting period

Land sales

In early 2021 West Craigs Limited sold a plot of land to Dunedin Canmore Housing Association.

Notes to the financial statements (continued)

20. Events after the reporting period (continued)

Brexit

The UK voted to leave the EU in 2016 and officially left the trading bloc on 31 January 2020 with an agreement to keep the majority of the existing relationship in place until 31 December 2020. On 24 December 2020 a deal was reached between the UK and the EU that confirmed the new rules for how the parties would work and trade with each other in the future. On 1 January 2021, the free movement of people and goods and services between the EU and UK ended with new rules coming into effect. The avoidance of a no-deal Brexit is seen as a positive development for both parties but some uncertainty remains and further clarification is required on certain aspects of the deal including, but not limited to, the Northern Ireland protocol, application to financial services and customs documentation requirements. There does not yet appear to be significant issues impacting the Company specifically that have arisen as a result of Brexit after the reporting period and as a result the Directors consider the new rules coming into effect as a result of Brexit to be a non-adjusting post balance sheet event.

Any future impact on the Company is likely to be in connection with interest rates on funding. At the date of reporting it is not possible to quantify the future financial impact of Brexit on the Company with any degree of certainty. The Directors will continue to closely analyse and review the impact of Brexit on the Company and will take appropriate action as required.