Horizon Resources Limited

Report and Financial Statements

For the year ended 31 December 2015

Company Number SC141821

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Company Information

Board of Directors	P S Dickson A J N Hewitt
Company Secretary	Lloyds Secretaries Limited
Registered office	Level 1 Citymark 150 Fountainbridge Edinburgh EH3 9PE
Independent Auditors	Pricewaterhouse Coopers LLP Attria One 144 Morrison Street Edinburgh EH3 8EX
Bankers	Lloyds Bank plc 25 Gresham Street London EC2V 7HN Bank of Scotland plc The Mound Edinburgh EH1 1YZ
Company Number	SC141821

Directors' Report

The Directors are pleased to present their report and audited financial statements for Horizon Resources Limited ('the Company') for the year ended 31 December 2015. The Company is a limited company both incorporated and domiciled in the United Kingdom.

Principle activities and review of business

The Company's principle activity is to provide finance to its fellow subsidiary and associated companies. The Company also makes arrangements for the provision of facilities in connection with the activities of the Horizon Capital 2000 Group. No change is expected in the Company's activities.

During the year, the Company waived its loans to Horizon Hotels Limited of £7,955,490, Horizon Property Investments Limited of £9,307,505 and Horizon Residential Development Limited of £4,452,151. During the year the Company received a loan waiver of £22,684,136 from Horizon Capital 2000 Limited.

Results and dividends

The Company made a loss after tax for the financial year of £17,132,046 (2014: loss £46,672). No dividends were paid during the year (2014: £nil).

Financial instruments

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

Going concern

As set out in note 3 of the financial statements, the Directors are satisfied that the Company has adequate resources from its immediate parent company 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 are in office at the date of signing the financial statements and this report are as stated on page 3.

Date of appointments and resignations during the year and up to the date of this report was as follows:

Director	Date of Appointment	Date of Resignation
B S Anderson	07 October 2014	10 February 2015
A J N Hewitt	10 February 2015	-

Directors' indemnities

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

Directors' Report (continued)

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 487(2) of the Companies Act 2006.

Statement of Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. In preparing these financial statements, the directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union, and IFRSs as issued by the International Accounting Standards Board (IASB), have been followed, subject to any material departures disclosed and explained in the financial statements; 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent Auditors and disclosure of information to auditors

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

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

Signed on behalf of the board of directors

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PS DICKSON

Director 5 SEPTEMBER 2016

Independent auditors' report to the members of Horizon Resources Limited

Report on the financial statements

Our opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

What we have audited

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

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.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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

This report, including the opinions, has been prepared for and only for the parent 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.

What an audit of financial statements involves

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

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

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

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

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

Christopher Meyrick (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh
6 September 2016

Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	2015 £	2014 £
Other income	4	17,350	15,000
Other expenses	5	(3,858)	1,575
Net other income		13,492	16,575
Impairment write back	9	4,627,151	2,849
Loan Waiver	16	(21,715,146)	-
Operating loss before financing costs		(17,074,503)	19,424
Finance income	6	19,900	122,167
Finance expense	6	(37,886)	(160,807)
Net finance costs		(17,986)	(38,640)
Loss before tax		(17,092,489)	(19,216)
Income tax expense	7	(39,557)	(27,456)
Loss after tax for the year		(17,132,046)	(46,672)

There are no other items of comprehensive expense 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 12 to 21 form part of these financial statements.

Statement of Financial Position

As at 31 December 2015

	Note	2015 £	2014 £
Assets			
Non-current assets			
Deferred tax asset	10	-	9,000
Total non-current assets		-	9,000
Current Assets			
Amounts due from fellow subsidiary undertaking	16	1,528,438	19,621,343
Amounts due from associated undertaking	16	850,000	675,000
Other debtors	12	15,002	19,843
Cash and cash equivalents	13	5,976,853	5,132,457
Total current assets		8,370,293	25,448,643
Total assets		8,370,293	25,457,643
Equity			
Issued capital	11	2	2
Accumulated Losses		(22,410,261)	(5,278,215)
Capital Reserve	11	22,684,136	-
Total equity		273,877	(5,278,213)
Current liabilities			
Amounts due to parent undertaking	16	8,070,700	30,716,950
Income tax payable	8	25,716	18,906
Total liabilities		8,096,416	30,735,856
Total equity and liabilities		8,370,293	25,457,643

The financial statements on pages 8 to 21 were approved by the Board of Directors at a meeting on 4 SEPTEMBER 2016 and signed on its behalf by:

Pamela S Dickson

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Director

Horizon Resources Limited

PS DICKSON

Company Number SC141821

The accompanying notes on pages 12 to 21 form part of these financial statements.

Statement of Changes in Equity

For the year ended 31 December 2015

	Issued Capital £	Accumulated Losses £	Capital Reserve £	Total Equity £
Balance at 1 January 2015	2	(5,278,215)	-	(5,278,213)
Loss and total comprehensive expense for the year	-	(17,132,045)	-	(17,132,046)
Capital contribution from intermediary parent	-	-	22,684,136	22,684,136
Balance at 31 December 2015	2	(22,410,261)	22,684,136	273,877

For the year ended 31 December 2014

	Issued Capital £	Accumulated losses £	Capital Reserve £	Total Equity £
Balance at 1 January 2014	2	(5,231,543)	-	(5,231,541)
Loss and total comprehensive expense for the year	-	(46,672)	-	(46.672)
Balance at 31 December 2014	2	(5,278,215)	-	(5,278,213)

The accompanying notes on pages 12 to 21 form part of these financial statements.

Statement of Cash Flows

For the year ended 31 December 2015

	Note	2015 £	2014 £
Cash flows from operating activities			
Operating loss before financing costs		(17,074,502)	19,424
Impairment provision write back		(4,627,151)	(2,849)
Decrease in other receivables		4,841	27,046
Loan waived		21,715,146	-
Decrease in trade and other payables		-	(1,725)
Cash generated from operations		18,334	41,896
Income tax paid		(23,747)	(25,920)
Loan repaid to parent undertaking		-	(6,000,150)
Net cash used in from operating activities		(5,413)	(5,984,174)
Cash flows from investing activities			
Net loan repaid from fellow subsidiary undertakings		837,061	6,180,000
Interest received		12,748	12,750
Net cash generated from investing activities		849,809	6,192,750
Net increase in cash and cash equivalents		844,396	208,576
Cash and cash equivalents at 1 January		5,132,457	4,923,881
Cash and cash equivalents at 31 December	13	5,976,853	5,132,457

Comparatives have been reclassified for consistency with the current year. There have been no changes to the Net increase in cash and cash equivalents.

The accompanying notes on pages 12 to 21 form part of these financial statements.

Notes to the financial statements

1. Basis of preparation

The financial statements have been prepared in accordance with:

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

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

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 amendments to existing standards effective 1 January 2015

There are no standards, amendments to or interpretations of published standards that have been issued and are relevant to the Company's operations.

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 2015 but the Company has not elected to adopt early:

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

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

Standards and interpretations in issue but not relevant

There are no other standards and amendments to published standards that are mandatory for the current accounting year beginning on 1 January 2015 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) Investments

i) Investments in subsidiary undertakings

Subsidiary undertakings held for investment are stated at cost less amounts written off.

ii) Amounts due from subsidiaries

These are classified as loans and receivables 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) *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.

c) Revenue and expenses

Revenue and expenses are recognised in the Statement of Comprehensive Income on an accruals basis.

d) Impairment

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

A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. If there is objective evidence that an impairment loss on a financial asset has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The asset's carrying amount is reduced and the amount of the impairment loss is recognised in the Statement of Comprehensive Income.

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.

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

e) Trade and other payables

Trade and other payables are stated at cost.

f) Net Finance Costs

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

g) Taxation

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

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

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

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

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

h) Critical accounting estimates and judgements

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

Notes to the financial statements (continued)

2. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements (continued)

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

i) Deferred tax

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

ii) Impairments

As explained in the accounting policy, investment securities are continually reviewed at the specific investment level for impairment. Impairment is recognised where there is objective evidence that a financial asset is impaired. Objective evidence of impairment might include the carrying amount of an asset exceeding its recoverable amount. The recoverable amount is based on an assessment of the net assets and liquidity of the underlying company.

3. Going concern – Principles underlying going concern assumption

The Company is reliant on funding provided by Bank of Scotland plc, which is a wholly owned subsidiary of Lloyds Banking Group plc. The Directors are satisfied that it is the intention of Lloyds Banking Group plc that its subsidiaries including the Company will continue to receive funding in the future and, accordingly, the financial statements have been prepared on a going concern basis.

4. Other income

	2015	2014
	£	£
Fees received	17,350	15,000
	17,350	15,000

5. Other expenses

	2015	2014
	£	£
Miscellaneous	3,858	150
Audit fees	-	(1,725)
	3,858	(1,575)

The auditors received no fees in respect of non-audit services to the Company (2014: £nil). The auditors' fees for the audit of the 2015 financial statements has been borne by the ultimate parent company and has not been recharged to the company. The credit for the 2014 audit fees represents the 2013 accrual being reversed as the fees are now being borne by the parent company.

The Company had no employees during the year (2014: none).

Notes to the financial statements (continued)

6. Net finance costs

	2015	2014
	£	£
Interest income – subsidiary undertaking	7,152	109,417
Interest income – Jointly controlled entity	12,748	12,750
Bank interest	-	-
Finance income	19,900	122,167
Interest expense - parent	(37,886)	(160,807)
Finance expense	(37,886)	(160,807)
Net finance costs	(17,986)	(38,640)

7. Income tax expense

Recognised in the Statement of Comprehensive Income

	2015	2014
	£	£
Current tax expense		
Current year expense	25,716	(18,906)
Adjustments to prior periods	4,841	450
	30,557	(18,456)
Deferred tax expense		
Movement in impairment provision	9,111	(9,675)
Change in tax rate	(111)	675
	9,000	(9,000)
Total income tax expense in the Statement of Comprehensive Income	39,557	(27,456)

Reconciliation of effective tax rate

	2015	2014
	£	£
Loss on ordinary activities before tax	(17,092,488)	(19,216)
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%)	3,461,229	4,131
Intercompany write offs	(3,495,751)	(32,712)
Adjustments to prior periods	(4,841)	450
Disallowed expenses	(305)	-
Impact on deferred tax of change in tax rate	111	675
Total income tax expense in Income Statement	(39,557)	(27,456)

8. Income Tax payable

The current tax liability of £25,716 (2014: £18,906) represents the amount of income tax payable in respect of current and prior periods. The Company is subject to the UK current rate of Corporation Tax.

Notes to the financial statements (continued)

8. Income Tax payable (continued)

The Finance Act 2013 (the Act) was substantively enacted on 2 July 2013. The Act further reduced the main rate of corporation tax to 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015.
The Finance Act 2015 which was substantively enacted on 26 October 2015 included legislation to reduce the corporation tax rate applicable from 1 April 2017 to 19% and from 1 April 2020 to 18%. On 16 March 2016, the Government announced that the corporation tax rate applicable from 1 April 2020 would be 17%. The proposed reductions in the rate of corporation tax are expected to be enacted, and the impact accounted for, during 2016.

9. Impairment provision

	2015	2014
	£	£
At 1 January	4,627,151	4,630,000
Release of provision in the year	(4,627,151)	(2,849)
At 31 December	-	4,627,151

The impairment provision is made up of two specific provisions. These are against the Amounts due by subsidiary undertaking £nil (2014: £4,452,151) and against the Amounts due by associated undertaking £nil (2014: £175,000).

The subsidiary undertaking loan was waived during the year and therefore the provision was released.

10. Deferred tax asset

	2015	2014
	£	£
At 1 January	9,000	18,000
Charge to Statement of Comprehensive Income	(9,000)	(9,000)
At 31 December	-	9,000

11. Issued capital and reserves

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

Issued capital

	2015	2014
	£	£
Authorised		
1,000 (2014:1000) Ordinary Shares of £1 each	1,000	1,000
5,000,000 (2014:5,000,000) 'A' cumulative redeemable preference shares of £1 each	5,000,000	5,000,000
1,500,000 (2014:5,000,000) 'B' cumulative redeemable preference shares of £1 each	1,500,000	1,500,000
Issued		
2 Ordinary Shares of £1 each	2	2

Notes to the financial statements (continued)

11. Issued capital and reserves (continued)

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

Capital Reserve

During 2016 Company's intermediary parent company, Horizon Capital 2000 Limited, agreed to unconditionally and irrevocably release the Company from its obligations to repay the sum of £22,684,136 (2014: £nil) in respect of the bank overdraft/intercompany loan position held by the Company. This has been recognised as a capital contribution in the capital reserve during 2015 and represents a realised profit for distributable reserves purposes.

12. Trade and other receivables

	2015	2014
	£	£
Other debtors	15,002	19,843
	15,002	19,843

13. Cash and cash equivalents

	2015	2014
	£	£
Bank balances as stated in the Statement of Cash Flows	5,976,853	5,132,457

14. Financial instruments

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

a) Governance framework

The Company's immediate parent is Horizon Capital 2000 Limited with intermediate parent of Bank of Scotland plc ("BOS") whose ultimate parent is Lloyds Banking Group plc ("Group"). BOS has established a financial risk management function with clear terms of reference and with the responsibility for implementing the Lloyds Banking Group framework and monitoring the policies on financial risks. The risks related to the Company's activities are regularly evaluated. The key financial risks relevant to the Company are credit risk, market risk, interest rate risk and liquidity risk.

b) Financial risks

i) Credit risk

Credit risk is the risk of financial loss from a counterparty's failure to settle financial obligations as they fall due. All amounts relate to entities which are subsidiaries of the same ultimate parent company and therefore credit risk is not deemed to be significant.
The table below sets out the maximum exposure to credit risk at the Statement of Financial Position date.

	2015	2014
	£	£
Amounts due by fellow subsidiary undertaking	1,528,438	19,621,343
Amounts due by associated undertaking	850,000	675,000
Cash and cash equivalents	5,976,853	5,132,457
Other debtors	15,002	19,843
	8,370,293	25,448,643

Notes to the financial statements (continued)

14. Financial instruments (continued)

b) Financial risks (continued)

i) Credit risk (continued)

Cash and cash equivalents and intercompany lending 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 intercompany lending to other subsidiaries and associated undertakings. The amounts due from associated undertakings are stated net of a provision of £nil (2014: £175,000). The remaining balance of £850,000 (2014: £675,000) has an internal credit rating of satisfactory risk. The bank balances with the Group have an internal credit rating of better than satisfactory.

The amounts due from fellow subsidiary undertakings are stated net of a provision of £nil (2014: £4,452,151). The remaining balance of £1,528,438 (2014: £19,621,343) has an internal credit rating of satisfactory risk. The bank balances with the Group have an internal credit rating of better than satisfactory. There are no other amounts at the Statement of Financial Position date that are considered past due or impaired.

ii) Market risk

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

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

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 inter-company balances generate variable interest income and arise from the reinvestment of surplus liquid funds. The financial liabilities comprise variable rate borrowings provided by another Group company.

As at the 31 December 2015 the Company held £5,976,853 (2014: £5,132,457) in a Lloyds Bank account. The account does not pay interest and therefore interest rate risk is not deemed to be significant.

iv) Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. This risk can arise from mismatches in the timing of cash flows relating to assets, liabilities and off-Balance Sheet instruments. The Company's short term liquidity requirements are supported by a facility with another Group company subject to internal limits. Overall liquidity of the Group is managed centrally.

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.

Notes to the financial statements (continued)

14. Financial instruments (continued)

b) Financial risks (continued)

iv) Liquidity Risk (continued)

As at 31 December 2015

Maturity of contractual liabilities	Up to 1 mth	1-3 mths	3-12 mths	1-5 yrs	Total
	£	£	£	£	£
Amounts due to parent	8,070,700	-	-	-	8,070,700
Income Tax Payable	-	-	25,716	-	25,716
Total liabilities	8,070,700	-	25,716	-	8,096,416

As at 31 December 2014

Maturity of contractual liabilities	Up to 1 mth	1-3 mths	3-12 mths	1-5 yrs	Total
	£	£	£	£	£
Amounts due to parent	30,716,950	-	-	-	30,716,950
Trade and other payables	-	-	-	-	-
Income Tax Payable	-	-	18,906	-	18,906
Total liabilities	30,716,950	-	18,906	-	30,735,856

15. Parent undertakings

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

The undertaking of the smallest group to consolidate these financial statements is Bank of Scotland plc.

The company regarded by the Directors as the ultimate parent undertaking and controlling party is Lloyds Banking Group plc which is incorporated in Scotland. This is the parent undertaking of the largest group to consolidate these financial statements. Lloyds Banking Group plc will produce consolidated financial statements for the year ended 31 December 2015. Copies of the annual report and financial statements of Lloyds Banking Group plc for the year ended 31 December 2015 may be obtained from Lloyds Banking Group's office at The Mound, Edinburgh, EH1 1YZ or, alternatively, these can be downloaded at www.lloydsbankinggroup.com.

16. Related parties

The Company has a related party relationship with its ultimate parent company Lloyds Banking Group plc. A number of banking transactions are entered into with Lloyds Banking Group plc in the normal course of business including loans and deposits. As at the 31 December 2015 the Company had £5,976,853 (2014: £5,132,457) on deposit in a corporate current account. During the year to 31 December 2015 the Company had received no interest from this account (2014: £nil).

The Company has a related party relationship with its immediate parent Horizon Capital 2000 Limited. This relationship has arisen due to the provision of funding to the Company. For the year ended 31 December 2015 £37,886 (2014: £160,807) was payable in respect of intercompany loan interest. During the year the Company had £22,684,136 of its loan with Horizon Capital 2000 Limited waived. As at the 31 December 2015 a total of £8,070,700 (2014: £30,716,950) was payable to Horizon Capital 2000 Limited by the Company.

Notes to the financial statements (continued)

16. Related parties (continued)

The Company has a related party relationship with its associate company Stewart Milne (Glasgow) Limited. This relationship has arisen due to the provision of funding from the Company. For the year ended 31 December 2015 £12,748 (2014: £12,750) was received in respect of intercompany loan interest. As at the 31 December 2015 a total of £850,000 (2014: £675,000) was receivable from Stewart Milne (Glasgow) Limited.

The Company also has related party relationships with its fellow subsidiary undertakings within the Horizon Capital 2000 Group. These relationships have arisen due to the provision of funding to these companies. Interest is charged on the West Craigs Limited Loan at 0.5%.and there are no specific repayment structures in place for this lending. For the year ended 31 December 2015 £7,152 (2014: £109,417) was receivable in respect of intercompany loan interest. As at the 31 December 2015 a total of £1,528,438 (2014: £19,621,343) was receivable by the Company from the subsidiary companies.

During the year, the Company waived its loan to Horizon Hotels Limited £7,955,490, Horizon Property Investments Limited £9,307,505 and Horizon Residential Development Limited £4,452,151. In 2014, the Horizon Residential Development Limited balance was fully impaired and so this impairment was released in 2015.

A breakdown of the amounts due from subsidiary companies are detailed below:

Fellow Subsidiary Company	**Interest 2015**	Interest 2014	**Outstanding loan balance 2015**	Outstanding loan balance 2014
	£	£	**£**	£
Horizon Hotel Investments Ltd	-	54,086	-	8,674,729
Horizon Property Investments Ltd	-	48,652	-	9,552,616
West Craigs Ltd	7,152	6,679	1,528,438	1,393,998
Total loan balance	7,152	109,417	1,528,438	19,621,343

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

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