

Parabola Land Limited
Annual report and financial statements
for the year ended 31 March 2013

Registered Number 4298209

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for the year ended 31 March 2013
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Directors' report for the year ended 31 March 2013

The directors present their report, together with the audited financial statements, for the year ended 31 March 2013

Business review and principal activities

The company's principal activity during the financial year was the holding of property for investment purposes. In April 2013 the company sold Kings Place which it had constructed and had been completed since October 2008.

The profit for the financial year was £46,549,194 (2012 loss of £12,149,061). The directors have proposed and paid a dividend in respect of the financial year of £5,300,000 (2012 £nil).

Future outlook

Proceeds retained within the company from the sale of Kings Place will be used for further property investment. The company is actively seeking property investment opportunities likely to yield an attractive rate of return.

Principal risks and uncertainties

The principal risks facing property companies are insured risks and tenant insolvency. All of the tenants currently appear to be in a healthy financial position.

Financial risk management

The directors monitor interest and market risk on an ongoing basis but see no clouds on the horizon at present.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the company.

Directors

P J Millican, R Rowan and L Bowden served as directors throughout the year and up to the date of signing the financial statements. P Clark was appointed as a director on 5 April 2012.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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,
- 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.

Directors' report for the year ended 31 March 2013 (continued)

Each of the persons who is a director at the date of this report confirms that

- as far as each director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Charitable donations

The company made charitable donations in the year of £80,000 to Kings Place Music Foundation in furtherance of its' charitable objects (2012 £526,918)

Post Balance Sheet Events

On 17 May 2013 the company acquired an industrial unit called Hunting Park in Livingston

On behalf of the Board



P J Millican
Director
23 December 2013

Independent auditors' report to the members of Parabola Land Limited

We have audited the financial statements of Parabola Land Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Statement of total recognised gains and losses, the Balance Sheet, the Cash Flow Statement, the Statement of Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 1 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Independent auditors' report to the members of Parabola Land Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Mark Webster

Mark Webster (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Newcastle upon Tyne

23 December 2013

Profit and loss account for the year ended 31 March 2013

	Note	2013 £	2012 £
Turnover	1	758,422	14,235,799
Administrative expenses		(802,692)	(6,274,449)
Operating profit/(loss)	2	(44,270)	7,961,350
Interest receivable and similar income		318,949	2,286
Interest payable and similar charges	3	(1,405,700)	(22,789,482)
Profit on disposal of Investment Property		59,726,065	-
Profit/(Loss) on ordinary activities before taxation		58,595,044	(14,825,846)
Tax on profit/(loss) on ordinary activities	4	(12,045,850)	2,676,785
Profit/(Loss) for the financial year	15	46,549,194	(12,149,061)

All of the company's operations during both financial years shown above represent continuing operations

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial year stated above, and their historical cost equivalents

Statement of total recognised gains and losses for the year ended 31 March 2013

	2013 £	2012 £
Profit/(Loss) for the financial year	46,549,194	(12,149,061)
Revaluation reserve movements	(87,539,745)	(11,613,665)
Total recognised gains and losses relating to the financial year	(40,990,551)	(23,762,726)

Balance sheet as at 31 March 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	6	41,893	214,512,818
Investments	7	1,878,000	-
		1,919,893	214,412,818
Current assets			
Debtors – amounts falling due within one year	8	431,394	2,657,408
Debtors – amounts falling due after more than one year	9	869,263	30,208,413
Cash at bank and in hand		27,098,774	3,685,583
		28,399,431	36,551,404
Creditors – amounts falling due within one year	10	(21,188,873)	(63,474,635)
Net current assets/(liabilities)		7,210,558	(26,923,231)
Total assets less current liabilities		9,130,451	187,589,587
Creditors – amounts falling due after more than one year	11	-	(132,168,585)
Net assets		9,130,451	55,421,002
Capital and reserves			
Called up share capital	13	1,000	1,000
Revaluation reserve	14	-	87,539,745
Profit and loss account	14	9,129,451	(32,119,743)
Total shareholders' funds	15	9,130,451	55,421,002

Registered Number 4298209

The financial statements on pages 5 to 18 were approved by the board of directors on 23 December 2013, and were signed on its behalf by



P J Millican
Director

Statement of accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Turnover

Turnover represents rental and service charge income from the letting of commercial space, excluding value added tax. Turnover relates entirely to the United Kingdom and is recognised on the accruals basis, recognising pre-letting costs, including rent-free periods, over the term of the lease. Other income is recognised in the accounting period in which it is received.

Investment Properties

Properties held for investment and included in tangible fixed assets are stated in the balance sheet at open market value at the balance sheet date, the aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve. No provision is made for taxation on chargeable gains which would arise if properties were disposed of at their revalued amounts. Investment properties are revalued annually by the directors, with an external independent valuation performed in accordance with the RICS Valuation and Appraisal manual every 5 years.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

In accordance with SSAP 19, no depreciation is provided in respect of investment properties. The requirement of the Companies Act 2006 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP 19. The directors consider that, as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair view. If this departure from the Act had not been made, the loss for the financial year would have been increased by depreciation. However, the amount of depreciation cannot reasonably be quantified, because of the lack of analysis of value between land and buildings.

Fixtures and fittings are depreciated over their useful economic life of 5 years on a straight-line basis.

Other assets contain certain statues and other works of art. No depreciation is charged on these assets which is a departure from the Companies Act 2006, however the directors consider the residual value at least equal to their purchase cost and therefore to depreciate them would not give a true and fair view.

Capitalisation of finance costs

Costs directly attributable to the arrangement of bank loans are capitalised and charged to the profit and loss account evenly over the period of the loan.

Cash flow statement

The company is included in the consolidated financial statements of Parabola Property Limited which are publically available. Consequently, as the company is a 100% owned subsidiary, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

Statement of accounting policies (continued)

Deferred taxation

Deferred tax is recognised in respect of all timing differences where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

Notes to the financial statements for the year ended 31 March 2013

1 Turnover

	2013	2012
	£	£
Rental income	472,035	10,765,813
Service charges recoverable	272,583	3,233,413
Other income	13,804	236,573
	758,422	14,235,799

2 Operating profit

	2013	2012
	£	£
The operating profit is stated after charging/(crediting):		
Amortisation of finance costs	4,881	104,800
Depreciation on tangible fixed assets	-	185,078
Auditors remuneration in respect of		
Audit services	7,000	7,500
Non – audit services	334,119	490,775
Costs recharged from Parabola Estates Limited		
Wages and salaries for administrative staff	130,424	38,514
Social security costs for administrative staff	17,410	4,044

P J Millican, director, was the only employee during both financial years

Directors' emoluments	2013	2012
	£	£
Wages and salaries	495,956	410,155
Social Security costs	66,832	54,962
	562,788	465,117

Total emoluments for the highest paid director were £399,082 (2012 £380,075)

Notes to the financial statements for the year ended 31 March 2013 (continued)

3 Interest payable and similar charges

	2013	2012
	£	£
Interest payable on loans	591,573	7,989,837
Interest payable to a director	814,127	1,380,402
Interest payable to Parabola Estates Limited	-	243
Swap break costs	-	13,419,000
	1,405,700	22,789,482

4 Tax on profit/(loss) on ordinary activities

(a) Taxation on the results for the year

	2013	2012
	£	£
Current tax on the profit/(loss) for the year	-	-
Deferred tax		
- Origination and reversal of timing differences	11,929,935	(3,680,926)
- Adjustment in respect of previous periods	115,915	(720,353)
- Effect of changes in tax rates	-	1,724,494
Total deferred tax (note 12)	12,045,850	(2,676,785)
Tax on profit/(loss) on ordinary activities	12,045,850	(2,676,785)

Notes to the financial statements for the year ended 31 March 2013 (continued)

4 Tax on profit/(loss) on ordinary activities (continued)

Reconciliation of current tax to result for the year

The tax assessed for the year is lower (2012 higher) than the standard rate of corporation tax in the UK of 24% (2012 26%). The differences are explained below

	2013	2012
	£	£
Profit/(Loss) on ordinary activities before taxation	58,595,044	(14,825,846)
Profit/(Loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the UK of 24% (2012 26%)	14,062,811	(3,854,720)
Effects of		
- expenses not deductible for tax purposes	37,414	6,116,988
- income not deductible for tax purposes	-	(5,957,113)
- capital allowances in excess of depreciation	(200)	(709,181)
- short term timing differences	(30,142)	302,179
- utilisation of tax losses	(7,882,662)	4,101,847
- effect of gains	(6,192,237)	-
- group relief not paid for	5,016	-
Current tax charge for the year	-	-

(b) Factors that may impact the future tax charge

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. A further reduction in this corporation tax rate effective on 1 April 2013 from 24% to 23% was substantively enacted on 3 July 2012. Accordingly, the Company's profits for this accounting year are taxed at an effective rate of 24% and deferred taxation has been calculated based on a rate of 23%.

In addition to the changes in rates of corporation tax disclosed above a number of further changes to the UK corporation tax system were announced in the March 2013 UK Budget Statement. Changes to the corporation tax rate on 1 April 2013, substantively enacted on 3 July 2013, will reduce to 23%, a 1% reduction from the rate substantively enacted on 26 March 2012. In addition changes to the corporation tax rate on 1 April 2014, substantively enacted on 2 July 2013, will reduce to 21%, a 2% reduction from the rate substantively enacted on 2 July 2013.

Further reductions to the main rate are proposed to reduce the rate by 1% to 20% by 1 April 2015. These further changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

Notes to the financial statements for the year ended 31 March 2013 (continued)

5 Dividends

	2013	2012
	£	£
Ordinary shares		
530,000,000p (2012 0p) per £1 share	5,300,000	-

6 Tangible assets

	Held for sale Freehold Investment property £	Fixtures and fittings £	Other assets £	Total £
Cost or valuation				
At 1 April 2012	214,286,335	353,967	112,392	214,752,694
Additions	-	-	-	-
Disposals	(214,286,335)	(353,967)	(70,499)	(214,710,801)
At 31 March 2013	-	-	41,893	41,893
Accumulated depreciation				
At 1 April 2012	-	239,876	-	239,876
Charge for the year	-	-	-	-
Disposals	-	(239,876)	-	(239,876)
At 31 March 2013	-	-	-	-
Net book value				
At 31 March 2013	-	-	41,893	41,893
At 31 March 2012	214,286,335	114,091	112,392	214,512,818

Notes to the financial statements for the year ended 31 March 2013 (continued)

7 Investments

	2013	2012
	£	£
Investment in Parabola Capital LLP	1,878,000	-

Included within the investment in Parabola Capital LLP is £1,870,000 which relates to additional capital made available to Parabola Capital LLP in line with the Parabola Capital LLP members' agreement. The additional capital bears interest at the rate of 5% per annum accruing from day to day from the date of drawdown to the date of repayment to Parabola Land Limited, which shall be payable to Parabola Land Limited out of the companies income profits in accordance with the members agreement. The additional capital and any accrued but unpaid interest shall be repaid in full on 25 October 2027, or such earlier date as may be agreed by the members.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

8 Debtors – amounts falling due within one year

	2013	2012
	£	£
Trade debtors	900	197,837
Amount owed by group undertakings	181,212	100
Finance arrangement costs	-	104,800
Other debtors	249,282	912,844
Prepayments	-	90,224
Accrued income	-	1,351,603
	431,394	2,657,408

The finance arrangement costs relate to the Eurohypo AG loan and were amortised over 10 years from 18 May 2005.

Notes to the financial statements for the year ended 31 March 2013 (continued)

9 Debtors – amounts falling due after more than one year

	2013 £	2012 £
Finance arrangement costs	-	223,123
Deferred tax asset (see note 12)	-	12,045,851
Other debtors	869,263	-
Prepayments	-	634,245
Accrued income	-	17,305,194
	869,263	30,208,413

10 Creditors – amounts falling due within one year

	2013 £	2012 £
Trade creditors	57,031	500,009
Amounts owed to director	16,038,708	33,061,487
Amounts owed to the Metrovick House Trust	-	2,317,350
Amounts owed to the Dorian Development Trust	320,198	2,285,161
Amounts owed to the Corinthian Capital Trust and the Dorian Development Trust	4,664,372	6,689,600
VAT payable	-	548,069
Other creditors	16,726	562,054
Accruals and deferred income	91,838	17,510,905
	21,188,873	63,474,635

£15,603,576 of the amount owed to the director is a loan secured by a floating charge over the assets of the company and a fixed charge over the freehold property with principal outstanding at 31 March 2013 of £nil (2012 £18,272,038). Interest on the loan is accruing at 4% (2012 6.5%) above 3 months LIBOR, and the total amount accrued at 31 March 2013 of £15,603,576 (2012 £14,789,449) has been included within the loan balance. The loan is repayable on demand. £435,132 of the amount owed to the director is the amount due under a bonus contract.

The amount owed to the Dorian Development Trust represents loans which are unsecured, repayable on demand, with principal outstanding at 31 March 2013 of £nil (2012 £2,018,862). The loans attract interest at 4% (2012 5%) above 3 months LIBOR. Interest of £320,198 (2012 £266,299) has been accrued at 31 March 2013 and this amount has been included within the amount owed to the Dorian Development Trust.

**Notes to the financial statements for the year ended 31 March 2013
(continued)**

10 Creditors – amounts falling due within one year (continued)

The amount owed to the Corinthian Capital Trust and the Dorian Development Trust represents loans, repayable on demand with principal outstanding at 31 March 2013 of £nil (2012 £2,230,000). The loans attract interest at 4% (2012 1.5%) above 3 month's LIBOR on the principal and are secured by floating charges over the assets of the company and fixed charges over the freehold property. Interest of £4,664,372 has been accrued at 31 March 2013 (2012 £4,459,600), and this amount has been included within the amount owed to the Corinthian Capital Trust and the Dorian Development Trust.

11 Creditors – amounts falling due after more than one year

	2013	2012
	£	£
Amounts owed to Eurohypo AG	-	131,037,544
Amounts owed to director	-	1,131,041
	-	132,168,585

Notes to the financial statements for the year ended 31 March 2013 (continued)

12 Deferred tax

The movement in the deferred taxation asset during the year was as follows

	£
At 1 April 2012	12,045,851
Profit and loss account charge	
- Current year	(11,929,936)
- Adjustment in respect of prior years	(115,915)
At 31 March 2013	-

The deferred tax asset comprises

	2013	2012
	£	£
Accelerated capital allowances	-	(5,255,902)
Short term timing differences	-	4,946,449
Losses	-	12,355,304
	-	12,045,851

The company has an unprovided deferred tax asset as at 31 March 2013 of £11,818,901. This has not been recognised in the financial statements due to uncertainty over the future income streams required for the potential asset to be recovered.

13 Called up share capital

	2013	2012
	£	£
Authorised		
100,000 ordinary shares of £1 each	100,000	100,000
Allotted and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

Notes to the financial statements for the year ended 31 March 2013 (continued)

14 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2012	87,539,745	(32,119,743)
Retained profit for the financial year	-	41,249,194
Revaluation reserve movements	(87,539,745)	-
At 31 March 2013	-	9,129,451

15 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit/(Loss) for the financial year	46,549,194	(12,149,061)
Dividends	(5,300,000)	-
Revaluation in year	(87,539,745)	(11,613,665)
Net change in shareholders' funds	(46,290,551)	(23,762,726)
Opening shareholders' funds	55,421,002	79,183,728
Closing shareholders' funds	9,130,451	55,421,002

Notes to the financial statements for the year ended 31 March 2013 (continued)

16 Related party transactions

At 31 March 2013, the company owed £4,984,570 (2012 £8,974,761) to the Corinthian Capital Trust and the Dorian Development Trust, related parties by virtue of common influence. The interest accrued in the year was £258,762 (2012 £322,445), capital advanced was £nil (2012 £ nil), capital repayments were £4,248,862 (2012 £631,138) and interest payments were £nil (2012 £ nil).

At 31 March 2013, the company owed £0 (2012 £2,317,350) to the Metrovick House Trust, a related party by virtue of common influence. The interest accrued in the year was £18,868 (2012 £116,373), interest paid in the year was £36,218 (2012 £115,569) and capital repayments were £2,300,000 (2012 £60,000).

At 31 March 2013, the company owed £16,038,708 (2012 £34,192,528) to P J Millican, director. The interest accrued in the year was £814,127 (2012 £1,380,402), interest paid was £nil (2012 £65,000), draw downs were £nil (2012 £100,000) and capital repayments were £18,272,038 (2012 £500,000).

The accrual for amounts due under the director's service contract is £435,132 (2012 £1,131,041).

During the year ended 31 March 2013 R Rowan, director, received fees of £13,000 (2012 £24,000) for consultancy services. The year end balance was £nil (2012 £nil).

Wages and salaries costs of £130,424 (2012 £38,514) and social security costs of £17,410 (2012 £4,044) were recharged from Parabola Estates Limited in relation to administrative staff. The year end balance was £nil (2012 £nil).

17 Post Balance Sheet Events

On 17 May 2013 the company acquired an industrial unit called Hunting Park in Livingston.

18 Ultimate controlling parties

The directors consider that the ultimate controlling parties of the company are the trustees of Huddersfield Trust, Property Equity Trust and London and Paris Trust by virtue of the shares held by them. Parabola Property Limited is the only company to consolidate the company's financial statements. The consolidated financial statements for Parabola Property Limited can be obtained from Central Square, Forth Street, Newcastle upon Tyne, NE1 3PJ. The ultimate controlling parties of the company remain unchanged.