

Capitol Park J28 M62 Limited

**Directors' report and audited
financial statements**

Registered number 10147520

Year ended 31 December 2022



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Officers and professional advisors

Directors Sir R S Murray CBE FCCA - Chairman
M J Heydecke
N P D McClea BA
J J R Murray ACA

Company secretary Pinsent Masons Secretarial Limited

Registered office 2nd Floor, Victoria Wharf
4 The Embankment
Sovereign Street
Leeds
LS1 4BA

Registered number 10147520

Auditors Armstrong Watson Audit Limited
Third Floor
10 South Parade
Leeds
LS1 5QS

Bankers Barclays Bank plc
2nd Floor
1 Park Row
Leeds
LS1 5WU

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2022.

Principal activities and business review

The principal activity of the company is land and property development.

The company recorded an operating loss of £0.2m (2021: loss £0.2m).

The company is exempt from the requirement to prepare a strategic report on the grounds of its size.

Dividends

The directors do not recommend the payment of a dividend.

Going concern

The Company had net liabilities of £1.9m at 31 December 2022 (2021: £1.6m). The Company is funded by its parent company, Murray Investments Limited. In preparing these financial statements the directors have considered the future cash requirements and having received assurance over the availability of funding from its principal shareholder, Murray Investments Limited, the directors are satisfied it is appropriate to prepare the financial statements on a going concern basis.

Directors

The directors who held office during the year and up to the date of signing the financial statement were as follows:

Sir R S Murray CBE FCCA - Chairman
M J Heydecke
N McClea BA
J J R Murray ACA

Indemnity

The company has made qualifying third party indemnity provision for the benefit of the company's Directors, which were in place throughout the year and which remain in place at the date of approval of this report.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Armstrong Watson Audit Limited will therefore continue in office.

By order of the board



J J R Murray ACA
Director

2nd Floor Victoria Wharf
4 The Embankment,
Sovereign Street
Leeds
United Kingdom
LS1 4BA

16 May 2023

Statement of directors' responsibilities in respect of the directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members, as a body, of Capitol Park J28 M62 Limited

Opinion

We have audited the financial statements of Capitol Park J28 M62 Limited (the 'Company') for the period ended 31 December 2022, which comprise the Profit and loss account, the Balance Sheet, the Statement of changes in equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 original financial statements were authorised for issue.

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

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members, as a body, of Capitol Park J28 M62 Limited (continued)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

We obtained an understanding of laws and regulations that affect the Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Company through discussions with directors and other management and review of appropriate industry knowledge;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

Independent auditor's report to the members, as a body, of Capitol Park J28 M62 Limited (continued)

We assessed the susceptibility of the Company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures as a risk assessment tool to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions; and tested the operating effectiveness of key controls over purchase and revenue cycles on a sample basis; and
- reviewed the application of accounting policies.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

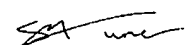
- agreeing financial statement disclosures to underlying supporting documentation; and
- enquiring of management as to actual and potential litigation and claims.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of nondetection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Turner (Senior Statutory Auditor)
For and on behalf of
Armstrong Watson Audit Limited
Chartered Accountants & Statutory Auditors
Newcastle upon Tyne

Date: 16/05/2023

Profit and loss account
for the year ended 31 December 2022

	Note	Year ended 31 December 2022	Year ended 31 December 2021
		£	£
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		(179,142)	(224,738)
		<hr/>	<hr/>
Operating loss	2	(179,142)	(224,738)
Interest payable and similar charges	5	(144,369)	(85,140)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(323,511)	(309,878)
Taxation	6	-	-
		<hr/>	<hr/>
Loss for the financial year		<u>(323,511)</u>	<u>(309,878)</u>

All of the company's activities are continuing.

There is no other comprehensive income other than the loss stated above and therefore no separate statement of other comprehensive income has been prepared.

The notes on pages 10 to 15 form part of these financial statements.

Balance sheet
as at 31 December 2021

	<i>Note</i>	As at 31 December 2022 £	As at 31 December 2021 £
Current assets			
Stock	7	1,406,406	1,237,931
Debtors	8	18,639	17,399
Cash at bank and in hand		10,730	9,527
		<hr/>	<hr/>
		1,435,775	1,264,857
Current liabilities			
Creditors: amounts falling due within one year	9	(3,339,249)	(2,844,820)
		<hr/>	<hr/>
Net current liabilities		(1,903,474)	(1,579,963)
		<hr/>	<hr/>
Net liabilities		(1,903,474)	(1,579,963)
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account		(1,903,574)	(1,580,063)
		<hr/>	<hr/>
Shareholders' deficit		(1,903,474)	(1,579,963)
		<hr/>	<hr/>

The notes on pages 10 to 15 form part of these financial statements.

These financial statements were approved by the board of directors on 16 May 2023 and were signed on its behalf by:



J J R Murray ACA
 Director

Company registered number: 10147520

Statement of Changes in Equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2021	100	(1,270,185)	(1,270,085)
Loss for the year	-	(309,878)	(309,878)
Balance at 31 December 2021	<u>100</u>	<u>(1,580,063)</u>	<u>(1,579,963)</u>
Balance at 1 January 2022	100	(1,580,063)	(1,579,963)
Loss for the year	-	(323,511)	(323,511)
Balance at 31 December 2022	<u>100</u>	<u>(1,903,574)</u>	<u>(1,903,474)</u>

The notes on pages 10 to 15 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Capitol Park J28 M62 Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

Basis of preparation

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

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Going concern

The Company had net liabilities of £1.9m at 31 December 2022 (2021: £1.6m). The Company is funded via its principal shareholder Murray Investments Limited with which it shares mutual Directors. In preparing these financial statements the Directors have considered the future cash requirements and having received assurance over the availability of funding from its principal shareholder, Murray Investments Limited, the directors are satisfied that it is appropriate to prepare financial statements on a going concern basis.

The Directors have received confirmation from their principal shareholder that:

- they will not demand repayment of the shareholder loan stock for at least 12 months from the date the financial statements are approved; and
- they will make available to the company additional borrowing facilities on terms that are mutually agreeable to the shareholder and the company in order to enable the company to meet its liabilities as they fall due for a period of at least 12 months from the date the financial statements are approved.

In consideration of the above factors, the directors are satisfied that it is appropriate to prepare financial statements on a going concern basis.

Stocks

Stocks are valued at the lower of cost and net realisable value. Where the directors consider developments to be substantial with practical completion expected after more than one year from commencement and have been financed by specific identifiable borrowings, the cost of those developments includes interest attributable up to the point of practical completion.

Options to purchase land are accounted for within stock at cost.

Notes (continued)

1 Accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Classification of financial instruments issued by the company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Key accounting estimates and judgements

Having considered the key accounting policies the directors consider there to be no significant estimate or judgements that would have a material impact on the financial results other than stock as detailed below:

- (a) Stock valuation

The stock valuation within the financial statements represents property that is actively being developed or property that is currently being held for sale at such a time that it is commercially viable to do so. As such its carrying value represents the lower of its cost and net realisable value.

Determining the net realisable value of stock is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As such management obtain third party valuations to assist them in assessing and determining the net realisable value of related assets. Alternative assumptions used by different parties could give alternative outcomes, but management are satisfied that they have taken appropriate steps to manage this estimation uncertainty in utilising an external independent expert.

Notes (continued)

2 Operating loss

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Auditor remuneration:		
Audit of these financial statements	3,000	3,000
Other services relating to taxation	200	200
	<u>3,200</u>	<u>3,200</u>

3 Staff numbers and costs

The company had no persons employed during the period.

4 Directors remuneration

None of the directors received any emoluments for their services to the company. The Company incurred an annual service charge of £157,858 (2021: £204,803) from Sterling Capitol Plc in respect of shared management, including the provision of directors and corporate services.

5 Interest payable and similar charges

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
Shareholder loan interest	144,235	85,086
Bank charges	134	54
	<u>144,369</u>	<u>85,140</u>

6 Taxation

(a) Analysis of charge in the period

	Year ended 31 December 2022	Year ended 31 December 2021
	£	£
<i>Current tax</i>		
Current tax on income for the period	-	-
Total current tax	<u>-</u>	<u>-</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	-
Effect of change in tax rate	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Total tax	<u>-</u>	<u>-</u>

Total unrecognised tax losses as at 31 December 2022 are £1,656,406 (2021: £1,341,070).

The unrecognised deferred tax asset as at 31 December 2022 is £414,101 (2021: £335,267).

Notes (continued)

6 Taxation (continued)

(b) Reconciliation of effective tax rate

	Year ended 31 December 2022 £	Year ended 31 December 2021 £
Loss for the year	(323,511)	(309,878)
Total tax expense	-	-
Loss excluding taxation	(323,511)	(309,878)
Tax using the UK corporation tax rate of 19% (2021: 19%)	(61,467)	(58,877)
Effects of:		
Expenses not deductible for tax purposes	1,553	1,250
Losses for which the deferred tax has not been recognised	59,914	57,627
Total tax expense included in profit or loss	-	-

Factors that may affect future tax charges:

An increase in the UK corporate tax from 19% to 25% was announced in the 2021 budget, this is scheduled to take effect from April 2023. The rate for small profits under £50,000 will remain at 19%. For those companies with taxable profits between £50,000 and £250,000, a marginal rate of tax equivalent to 26.5% will apply. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

7 Stocks

The net book value of stocks comprises:	2022 £	2021 £
Work in progress	1,406,406	1,237,931

Included within stock is £nil (2021: £nil) relating to capitalised interest costs. As at 31 December 2022 options to purchase land of £95,000 are included within stock (2021: £95,000).

8 Debtors

	2022 £	2021 £
Prepayments and accrued income	1,469	1,356
Other debtors	8,023	-
VAT debtor	9,147	16,043
	18,639	17,399

Notes *(continued)*

9 Creditors: amounts falling due within one year

	2022 £	2021 £
Trade creditors	4,111	20,945
Amounts due to related party (note 11)	-	2,276
Amounts due to group undertakings (note 11)	3,148,324	2,637,089
Other creditors and accruals	55,982	53,678
Shareholders loan account	130,832	130,832
	<u>3,339,249</u>	<u>2,844,820</u>

10 Called up share capital

	2022 £	2021 £
<i>Allotted, called up and fully paid</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

11 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2022 £	2021 £
Creditors falling due within one year		
Intra group loan	3,148,324	2,637,089
	<u>3,148,324</u>	<u>2,637,089</u>

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	2022 £	2021 £
Intra group loan	GBP	3.5% plus higher of base rate and 0%	On demand or 1 st September 2025	3,148,324	2,637,089
				<u>3,148,324</u>	<u>2,637,089</u>

Notes *(continued)*

12 Related party transactions

Related parties of the company are group and other members within the group. The wholly owned exemption has been taken from disclosing related party transactions with group companies.

The Company incurred an annual service charge of £157,858 (2021: £204,803) from Sterling Capitol Plc in respect of shared management, including the provision of directors and corporate services.

There is an intra group loan in place from Murray Investments Limited, the company's ultimate parent. Details of the loan are given in note 11. Murray Investments Limited loan interest incurred in the year was £144,235 (2021: £85,086).

The company has a net liability of £130,832 (31 December 2021: £130,832) owed to the shareholders at the year end. The amounts owed are as follows: Murray Investments Limited £83,481, Michael Heydecke £25,625, Nigel McClea £12,812 and Black Box Limited £8,914.

13 Ultimate controlling party

The company's immediate parent is Murray Investments Limited, a company incorporated in Jersey. No other group financial statements include the results of the company. The ultimate controller of the group is Sir RS Murray.