Company number: 00007064

# London Merchant Securities Limited

# Directors' report and financial statements

# 31 December 2018

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# London Merchant Securities Limited

**Contents**



**Directors**
N Q George
S P Silver
D G Silverman
P M Williams
D M A Wisniewski

**Secretary and registered office**
D A Lawler
25 Savile Row
London
W1S 2ER

**Company number**
00007064

**Independent auditors**
PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

# London Merchant Securities Limited

## Directors' report

### Principal activities and future developments

London Merchant Securities Limited (the 'Company') is a private company limited by shares. The Company is incorporated and domiciled in the UK and the address of its registered office is 25 Savile Row, London, W1S 2ER. The Company is an intermediate holding company of the Derwent London plc group (The 'Group'). The Directors foresee no material change in the nature of the Company's activities.

### Financial review and dividends

The results for the year are set out in the statement of comprehensive income on page 5. In 2018, the Company paid the final 2017 dividend of £105,000,000 on Ordinary Shares (2017: £nil).

The Directors do not recommend payment of a final 2018 dividend (2017: £105,000,000).

### Political contributions

There were no political contributions in the year (2017: £nil).

### Directors

The Directors who held office during the year and up to the date of signing were as follows:
J D Burns (Resigned on 17 May 2019)
N Q George
S P Silver
D G Silverman
P M Williams
D M A Wisniewski

None of the above Directors has an interest in the ordinary share capital of the Company. The interests of the Directors in the share capital of Derwent London plc, the Company's parent company, are disclosed in the financial statements of that company.

### Disclosure of information to the Auditors

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 Auditors are 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 Auditors are aware of that information.

### Independent Auditors

PricewaterhouseCoopers LLP have expressed a willingness to continue in office. Under the Companies Act 2006 section 487 (2) they will be automatically re-appointed as Auditors 28 days after these financial statements are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

# London Merchant Securities Limited

**Directors' report - continued**

**Statement of Directors' responsibilities**

The Directors are responsible for preparing the accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Small companies' exemption**

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

By order of the Board

D A Lawler
Secretary
25 Savile Row
London
W1S 2ER

27 June 2019

# London Merchant Securities Limited

**Independent Auditors' report to the members of London Merchant Securities Limited**

**Report on the audit of the financial statements**

**Opinion**

In our opinion, London Merchant Securities Limited's financial statements:
- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Directors' report"), which comprise: the balance sheet as at 31 December 2018; the statement of comprehensive income for the year ended 31 December 2018; the statement of changes in equity for the year ended 31 December 2018; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for opinion**

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

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

**Conclusions relating to going concern**

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

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

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

**Reporting on other information**

The other information comprises all of the information in the Directors' report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

*Directors' report*
In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' report for the year ended at 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' report.

# London Merchant Securities Limited

**Independent Auditors' report to the members of London Merchant Securities Limited – continued**

**Report on the audit of the financial statements – continued**

**Responsibilities for the financial statements and the audit**

*Responsibilities of the directors for the financial statements*
As explained more fully in the Statement of Directors' responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

*Auditors' responsibilities for the audit of the financial statements*
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

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

**Other required reporting**

**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

**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.

Craig Hughes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 June 2019

# London Merchant Securities Limited

**Statement of comprehensive income**
for the year ended 31 December

| | Note | 2018 £ | 2017 £ |
|---|---|---|---|
| Administrative expenses | | **(6,053)** | - |
| Operating (loss)/result | 3 | **(6,053)** | - |
| Interest receivable and similar income | 4 | **21,364,145** | 20,056,558 |
| Interest payable and similar expenses | 5 | **(17,187,160)** | (16,354,707) |
| Dividend receivable | | **105,000,000** | 43,956,832 |
| Profit for the financial year | | **109,170,932** | 47,658,683 |
| Other comprehensive (expense)/income: | | | |
| Write-down of investment in subsidiaries | 8 | - | (42,853,317) |
| Fair value (loss)/gain on revaluation of investments | 8 | **(24,684,793)** | 150,819,655 |
| Profit and total comprehensive income for the financial year | | **84,486,139** | 155,625,021 |

All amounts relate to continuing activities

The notes on pages 8 to 14 form part of these financial statements.

# London Merchant Securities Limited

*Company no. 00007064*

**Balance sheet**
as at 31 December

| | Note | 2018 £ | 2017 £ |
|---|---|---|---|
| Non-current assets | | | |
| Investments | 8 | **1,263,206,697** | 1,287,891,490 |
| | | **1,263,206,697** | 1,287,891,490 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 9 | **607,741,595** | 479,016,705 |
| | | **607,741,595** | 479,016,705 |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 10 | **(247,357,832)** | (122,891,913) |
| Net current assets | | **360,383,763** | 356,124,792 |
| Non-current liabilities | | | |
| Creditors: amounts falling due after more than one year | 10 | **(174,092,354)** | (174,004,315) |
| Net assets | | **1,449,498,106** | 1,470,011,967 |
| Capital and reserves | | | |
| Called up share capital | 11 | **82,562,722** | 82,562,722 |
| Share premium account | | **22,200,069** | 22,200,069 |
| Revaluation reserve | | **1,202,350,448** | 1,227,035,241 |
| Other reserves | | **10,892,043** | 10,892,043 |
| Retained earnings | | **131,492,824** | 127,321,892 |
| Total equity | | **1,449,498,106** | 1,470,011,967 |

The financial statements on pages 5 to 14 were approved by the Board of Directors on 27 June 2019 and were signed on its behalf by:

D M A Wisniewski

The notes on pages 8 to 14 form part of these financial statements.

# London Merchant Securities Limited

**Statement of changes in equity**
for the year ended 31 December

| | Note | Called up share capital £ | Share premium account £ | Revaluation reserve £ | Capital redemption reserve £ | Retained earnings £ | Total equity £ |
|---|---|---|---|---|---|---|---|
| At 1 January 2018 | | 82,562,722 | 22,200,069 | 1,227,035,241 | 10,892,043 | 127,321,892 | 1,470,011,967 |
| Profit for the financial year | | - | - | - | - | 109,170,932 | 109,170,932 |
| Other comprehensive expense for the financial year | | - | - | (24,684,793) | - | - | (24,684,793) |
| Dividends paid | 7 | - | - | - | - | (105,000,000) | (105,000,000) |
| **At 31 December 2018** | | **82,562,722** | **22,200,069** | **1,202,350,448** | **10,892,043** | **131,492,824** | **1,449,498,106** |
| At 1 January 2017 | | 82,562,722 | 22,200,069 | 1,119,068,903 | 10,892,043 | 79,663,209 | 1,314,386,946 |
| Profit for the financial year | | - | - | - | - | 47,658,683 | 47,658,683 |
| Other comprehensive income for the financial year | | - | - | 107,966,338 | - | - | 107,966,338 |
| At 31 December 2017 | | 82,562,722 | 22,200,069 | 1,227,035,241 | 10,892,043 | 127,321,892 | 1,470,011,967 |

The notes on pages 8 to 14 form part of these financial statements.

# London Merchant Securities Limited

**Notes to the financial statements**

**1. Basis of preparation**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements of London Merchant Securities Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments measured at fair value through other comprehensive income, and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The Company is a qualifying entity for the purpose of FRS 101. Note 13 gives details of the Company's ultimate parent company and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations. The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies; Changes in Accounting Estimates and Errors;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IAS 7 Statement of Cash Flows; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

**Going concern**

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

**Changes in accounting policies**

**New standards adopted during the year**
The following standards, amendments and interpretations endorsed by the EU were effective for the first time for the Company's 31 December 2018 year end and had no material impact on the financial statements.

IFRS 2 (amended) – Share Based Payments;
IFRS 4 (amended) – Insurance Contracts;
IAS 40 (amended) – Investment Property;
IFRIC 22 – Foreign Currency Transactions and Advance Consideration;
Annual Improvements to IFRSs (2014 – 2016 cycle).

IFRS 9 Financial Instruments (effective from 1 January 2018)
This standard applies to classification and measurement of financial assets and financial liabilities, impairment provisioning and hedge accounting. Management's assessment of IFRS 9 determined that the main area of potential impact was impairment provisioning on trade receivables and balances due from subsidiaries of the Company. In both cases this was due to the requirement to use a forward-looking expected credit loss model. However, management concludes that this has no material impact on its financial statements.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)
IFRS 15 combines a number of previous standards, setting out a five step model for the recognition of revenue and establishing principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue. The standard is applicable to service charge income, facilities management income, investment property disposals and trading property disposals, but excludes rent receivable, which is within the scope of IFRS 16. Management has completed its assessment of IFRS 15 and concludes that its adoption has no material impact on the financial statements.

# London Merchant Securities Limited

**Notes to the financial statements - continued**

**1. Basis of preparation - continued**

**Standards and interpretations in issue but not yet effective**
The following standards, amendments and interpretations were in issue at the date of approval of these financial statements but were not yet effective for the current accounting year and have not been adopted early. Based on the Company's current circumstances the Directors do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Company.

IFRS 9 (amended) – Prepayment Features with Negative Compensation;
IFRS 17 – Insurance Contracts;
IFRIC 23 – Uncertainty over Income Tax Treatments;
IAS 28 (amended) – Long-term interest in Associates and Joint Ventures;
IAS 19 (amended) – Plan Amendment, Curtailment or Settlement;
Annual Improvements to IFRSs (2015 – 2017 cycle).

IFRS 16 Leases (effective 1 January 2019)
This standard does not substantially affect the accounting for rental income earned by the Company as lessor. The main impact of the standard is the removal of the distinction between operating and finance leases for lessees, which will result in almost all leases being recognised on the balance sheet. As the Company does not hold any material operating leases as lessee, the impact of the standard is not expected to be material to the financial statements.

**Significant judgements, key assumptions and estimates**

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Company's significant accounting policies are stated in note 2. Not all of these accounting policies require management to make difficult, subjective or complex judgements or estimates. Estimates and judgements 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. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

**Financial risks**

The Company faces financial risks, in particular, that it becomes unable to meet its financial obligations or finance the business appropriately. The Company has identified increasing interest rates as its key financial risk. An increase in interest rates can lead to higher property yields which would cause property values to fall, having an adverse effect loan-to-value ratios, total return and total property return.

The Group controls and mitigates this risk by regularly monitoring the impact of yield changes on performance as part of its quarterly management accounting process. In addition, project appraisals are regularly reviewed and updated in order to monitor the effect of yield changes.

**2. Accounting policies**

**Subsidiary undertakings valuation**
The Company's investments in the shares of Group undertakings are stated at directors' valuation on a basis which takes account of the net assets of the undertakings at 31 December 2018 which will include the professional valuation of properties held in subsidiary entities. Surpluses or deficits resulting from changes in the directors' valuation are reported in the statement of comprehensive income in the year in which they arise.

**Financial assets**
Intercompany receivables – Intercompany receivables are recognised and carried at the original transaction value. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

**Notes to the financial statements – continued**

**2. Accounting policies - continued**

**Financial liabilities**

(i) Trade payables – Trade payables are recognised and carried at the original transaction value.

(ii) Non-convertible bonds – These are included as a financial liability on the balance sheet net of the unamortised discount and costs on issue. The difference between this carrying value and the redemption value is recognised in the Group income statement over the life of the bond on an effective interest basis. Interest payable to bond holders is expensed in the year to which it relates.

**Taxation**

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

**Dividends**

Dividends payable on the ordinary share capital are recognised in the year in which they are declared.

**3. Operating (loss)/result**

Audit fees of £250 (2017: £250) have been incurred by Derwent London plc on behalf of the Company.

The Company has no employees. Group employees are held in and remunerated by other Group companies.

The Company's Directors were not remunerated for their services to the Company, but instead received emoluments for their services to the other Group companies. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as Directors of other Group companies.

**4. Interest receivable and similar income**

| | **2018** | 2017 |
|---|---|---|
| | **£** | £ |
| Receivable from Group undertakings | **21,364,145** | 20,056,558 |

**5. Interest payable and similar expenses**

| | **2018** | 2017 |
|---|---|---|
| | **£** | £ |
| Amounts payable to Group undertakings | **5,716,921** | 4,890,183 |
| Amortisation of loan arrangement costs | **88,039** | 83,367 |
| Interest on bond | **11,375,000** | 11,375,000 |
| Other | **7,200** | 6,157 |
| | **17,187,160** | 16,354,707 |

# London Merchant Securities Limited

**Notes to the financial statements – continued**

## 6. Tax on profit

There is no current taxation (2017: £nil) or deferred taxation (2017: £nil) charge for the year.

**Factors affecting the tax for the year**

The effective tax rate for the year is lower (2017: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

| | 2018 £ | 2017 £ |
|---|---|---|
| Profit before taxation | **109,170,932** | 47,658,683 |
| Current tax at 19% (2017: 19.25%) | **20,742,477** | 9,174,296 |
| Effects of: | | |
| Group relief claimed not paid | **(992,453)** | (1,267,892) |
| Difference in interest rate on intercompany loans for tax purposes | **199,976** | 555,286 |
| Group dividend | **(19,950,000)** | (8,461,690) |
| Tax on profit | **-** | - |

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and the Finance Bill 2016 (on 7 September 2016). These include reducing the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

## 7. Dividend

| | 2018 £ | 2017 £ |
|---|---|---|
| Dividend paid - £0.32 per share (2017: £nil per share) | **105,000,000** | - |

## 8. Investments

| | 2018 £ | 2017 £ |
|---|---|---|
| At 1 January | **1,287,891,490** | 1,179,925,152 |
| Write-down of investment in subsidiary undertakings | **-** | (42,853,317) |
| Revaluation of investment in subsidiary undertakings | **(24,684,793)** | 150,819,655 |
| **At 31 December** | **1,263,206,697** | 1,287,891,490 |
| **Historical cost** | **60,856,249** | 60,856,249 |

# London Merchant Securities Limited

**Notes to the financial statements – continued**

**8. Investments – continued**

| Name | Percentage holding | Country of registration | Activity |
|---|---|---|---|
| Asta Commercial Limited | 100 | England and Wales | Property investment |
| Bargate Quarter Limited | 65 | England and Wales | Investment Company |
| Caledonian Properties Limited | 100 | England and Wales | Property investment |
| Caledonian Property Estates Limited | 100 | England and Wales | Property investment |
| Caledonian Property Investments Limited | 100 | England and Wales | Property investment |
| Carlton Construction & Development Company Ltd | 100 | England and Wales | Dormant |
| Central London Commercial Estates Limited | 100 | England and Wales | Property investment |
| Charlotte Apartments Limited | 100 | England and Wales | Property investment |
| Derwent London Asta Limited | 100 | England and Wales | Property trading |
| Derwent London Asta Residential Limited | 100 | England and Wales | Dormant |
| Derwent Valley Finance Limited | 100 | England and Wales | Finance company |
| Derwent Valley Limited | 100 | England and Wales | Holding company |
| Kensington Commercial Property Investments Limited | 100 | England and Wales | Property investment |
| LMS (City Road) Limited | 100 | England and Wales | Property investment |
| LMS Finance Limited[1] | 100 | England and Wales | Investment Holding |
| LMS Offices Limited | 100 | England and Wales | Property investment |
| Portman Investments (Baker Street) Limited | 55 | England and Wales | Property investment |
| The New River Company Limited | 100 | England and Wales | Property investment |
| Urbanfirst Limited[1] | 100 | England and Wales | Investment Holding |
| West London & Suburban Property Investments Limited | 100 | England and Wales | Property investment |
| **Joint ventures** | | | |
| Prescot Street GP Limited | 50 | England and Wales | Management Company |
| Prescot Street Leaseco Limited | 50 | England and Wales | Property investment |
| Prescot Street Limited Partnership | 50 | England and Wales | Property investment |
| Prescot Street Nominees Limited | 50 | England and Wales | Dormant |

[1] Indicates subsidiary undertakings held directly

All of the above entities are incorporated and domiciled in England and Wales. In addition, all the entities are registered at 25 Savile Row, London W1S 2ER.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements because it is a wholly owned subsidiary of Derwent London plc, which is incorporated in England and Wales and prepares consolidated financial statements which are publicly available.

## 9. Debtors

| | 2018 | 2017 |
|---|---|---|
| | **£** | £ |
| Amounts falling due within one year: | | |
| Amounts due from Group undertakings | **607,741,595** | 479,016,705 |

Amounts owed by Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at the Group's weighted average cost of borrowings.

## 10. Creditors

| | 2018 | 2017 |
|---|---|---|
| | **£** | £ |
| Amounts falling due within one year: | | |
| Amounts owed to Group undertakings | **244,080,136** | 119,614,273 |
| Trade creditors | **379** | 380 |
| Accruals and deferred income | **3,277,317** | 3,277,260 |
| | **247,357,832** | 122,891,913 |

Amounts owed to Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at the Group's weighted average cost of borrowings.

| | 2018 | 2017 |
|---|---|---|
| | **£** | £ |
| Amounts falling due after more than one year: | | |
| 6.5% Secured Bond 2026 | **175,000,000** | 175,000,000 |
| Unamortised issue costs | **(907,646)** | (995,685) |
| | **174,092,354** | 174,004,315 |

There is a floating charge over the assets of some of the Company's subsidiary undertakings to secure the £175,000,000 Bond.

The fair value of the Secured Bond at 31 December 2018 was £222.1m (2017: £225.6m) which was determined by the ask price of £126.90 per £100 (2017: £128.94 per £100). It is secured on all the assets of the Company. The maturity profile of the Company's borrowings is shown below:

| | 2018 | 2017 |
|---|---|---|
| | **£** | £ |
| **Borrowings:** | | |
| Repayable after more than five years | **174,092,354** | 174,004,315 |

# London Merchant Securities Limited

**Notes to the financial statements – continued**

## 11. Called up share capital

| | 2018 | 2017 |
|---|---|---|
| | £ | £ |
| **Allotted, called up and fully paid** | | |
| 330,250,888 (2017: 330,250,888) ordinary shares of 25p each | **82,562,722** | 82,562,722 |

## 12. Other reserves

Other reserves consists of premium on the issue of shares as equity consideration for the acquisition of London Merchant Securities plc (LMS).

## 13. Parent company

The Company's immediate and ultimate parent company is Derwent London plc, a company incorporated in England and Wales, whose registered office is at 25 Savile Row, London, W1S 2ER. Copies of the consolidated Group financial statements can be obtained from this address.