LCP SECURITIES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

Company Number 02390937

LCP SECURITIES LIMITED

COMPANY INFORMATION

Directors	A M Barrett	
	N J Burgess	
	A M Chandris	
	D J Chandris	
	J A Diamond	(Appointed 28 July 2017)
	J A Fife	
	R H Hamblin	
	C MacDonald-Hall	
	S S MacDonald-Hall	
	R G Mawby	(Appointed 1 January 2018)
	E H Mileham	
	A Tomazos	
	C W Tranter	
Secretary	C W Tranter	
Company Number	02390937	
Registered Office	LCP House The Pensnett Estate Kingswinford West Midlands DY6 7NA	
Auditors	Rothmans Audit LLP 24 Park Road South Havant Hampshire PO9 1HB	
Bankers	HSBC Bank plc PO Box 68 130 New Street Birmingham B2 4JU	
	Handelsbanken Birmingham Branch 67 Temple Row Birmingham B2 5LS	

CONTENTS

The directors present their Strategic Report for the year ended 31 March 2018.

Review of the business
The principal activity of the company is the development and management of industrial and commercial properties and the provision of associated services.

The Directors are satisfied with the company's performance during the year, and it's position at the year end.

The company is part of a group. A more detailed review of the group's activities, performance, and position at the year end can be found in the consolidated strategic report of London & Cambridge Properties Limited. The Directors consider that the group is managed as a whole and the company's review is appropriate in light of the group position.

Future developments
The company envisages no changes to the direction of its strategy.

Performance review
The key financial and other performance indicators during the year were as follows:

	2018 £	2017 £	Change %
Turnover	**11,268,329**	11,742,032	-4.0%
Operating profit	**10,462,336**	12,146,034	-13.9%
Profit after tax	**5,183,677**	10,647,316	-51.3%
Equity shareholders' funds	**107,271,857**	108,488,180	-1.1%

The company was in compliance with all debt covenants during the year.

Investment property acquisitions / disposals
During the year the company acquired £0.5m of investment property (2017: £0.4m).
During the year the company sold £1.1m of investment property (2017: £1.5m), there were no disposals to other group companies in the year (2017: £nil).
An additional £0.2m of capital enhancement took place on existing investment properties held by the company (2017: £0.9m).

Investment property revaluations
The revaluation in the year was an uplift of £1.6m (2017: £2.8m)

Loan movements
During the year the company made net repayments of £0.7m to existing facilities.

Post balance sheet events
There have been no post balance sheet events on which to report.

Principal risks and uncertainties
The company perceives risk management as critical to achieving the strategic goals of the company. Risk management policies are designed to reduce the chance and impact of financial loss, to protect the reputation of the company and to improve the likelihood of successfully taking opportunities as they arise in the market. Regular Board meetings are held at which the adequacy of the existing risk mitigation policies and controls are reviewed and challenged, new risks are identified and prioritised.

Risk	Impact	Mitigation
Financial risks		
Liquidity / refinancing risk	Inability to fund operations, capital expenditure or to raise new or replacement funding	The company regularly monitors banking covenant headroom, leverage and committed, undrawn financing facilities. The company maintains regular contact with both existing and prospective providers of funding to evaluate options in advance of funding deadlines.

Principal risks and uncertainties (continued)

Risk	Impact	Mitigation
Financial risks (continued)		
Interest rate exposure	Increased borrowing costs	Interest rates are constantly monitored and hedging policies reviewed by the Directors to ensure the company's risk and exposure to volatile interest rate movements is kept to a minimum. The company's policy is to manage its exposure to short term interest rate movements through the use of derivative contracts where appropriate.
Credit risk: failure of bank and financial institution counterparties	Loss of cash deposits	The company has fostered relationships with a range of banks to provide deposit facilities for surplus cash balances. The company continuously reviews the credit ratings of these banks and spreads deposits across institutions with the higher credit ratings.
Foreign currency risk	Volatility of earnings and cash flows	The company's policy is to reduce exposure to foreign currency exchange differences by hedging overseas net assets with foreign currency borrowings and derivative contracts where appropriate.
	Further weakening in Sterling may lead to a worsening in loan to value ratios to a level risking a breach of UK banking covenants.	The company closely monitors foreign currency exchange rates and holds adequate security to ensure that loan to value covenants are not breached.
Property risks		
Tenant credit risk	Concern about a deterioration in economic activity, with a weakening of consumer confidence, may result in tenants facing difficult operating conditions which may result in increasing tenant default and vacancy rates.	The company operates procedures to reduce exposures by reviewing tenant covenants for new leases. Close contact and strong relationships are maintained with existing tenants to enable the company to consider actions to mitigate risk at the earliest opportunity. The company manages a diversified portfolio in the industrial and retail sectors which are predominantly multi-let sites and with a spread of lease end dates.

On behalf of the Board

C W Tranter
Director

Date: 22nd October 2018

The directors present their report and the audited financial statements for the company for the year ended 31 March 2018.

Directors

The directors who served during the year were:

A M Barrett	
N J Burgess	
A M Chandris	
D J Chandris	
J A Diamond	(Appointed 28 July 2017)
S Featherstone	(Resigned 16 August 2017)
J A Fife	
R H Hamblin	
C MacDonald-Hall	
S S MacDonald-Hall	
R G Mawby	(Appointed 1 January 2018)
E H Mileham	
A Tomazos	
C W Tranter	

Dividends

Dividends recognised in the year are included in note 13 to the accounts. The directors have paid an interim dividend for the year of £6,400,000; no final dividend is proposed. The profit for the year of £5,183,677 will be added to reserves.

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report and the Report of the Directors 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102). 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 United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Strategic Report

The directors have taken advantage of the option to disclose information in relation to future developments and risk exposure within the Strategic Report.

Statement as to disclosure of information to the auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006), of which the company's auditors are unaware, and each director has taken all the steps that he is 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.

Auditors

The auditors, Rothmans Audit LLP, will be proposed for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

C W Tranter
Director

Date: 22nd October 2018

Opinion

We have audited the financial statements of LCP Securities Limited for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, 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 the 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 affairs as at 31 March 2018 and of the profit 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 Auditors' 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:
- 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.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Auditors' Report thereon. 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 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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 by the entity, 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities 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 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 entities 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 entity 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Richard Hutchinson (Senior Statutory Auditor)
for and on behalf of Rothmans Audit LLP
Chartered Accountants & Statutory Auditors
24 Park Road South, Havant
Hampshire, PO9 1HB

Date: 29 October 2018

LCP SECURITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	6	**11,268,329**	11,742,032
Cost of sales		**(1,759,704)**	(1,944,646)
Gross profit		**9,508,625**	9,797,386
Administrative expenses		**(923,514)**	(896,729)
Surplus on revaluation of investment properties		**1,645,247**	2,921,509
Head lease impairment		**(83,390)**	(102,450)
Profit on disposal of investment properties		**315,368**	426,318
Operating profit		**10,462,336**	12,146,034
Income from investments	7	**-**	7,600,000
Profit on ordinary activities before interest and taxation		**10,462,336**	19,746,034
Interest receivable and similar income	9	**2,011,836**	2,178,723
Interest payable and similar charges	10	**(7,339,780)**	(13,790,693)
Net gains on financial liabilities at fair value through the profit and loss account	9	**1,503,865**	1,957,924
Profit on ordinary activities before taxation	8	**6,638,257**	10,091,988
Tax on profit on ordinary activities	12	**(1,454,580)**	555,328
Profit for the financial year		**5,183,677**	10,647,316

The profit and loss account relates solely to continuing operations as defined in FRS 102.

The notes on pages 10 to 20 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2018

	Note	2018	2018	2017	2017
			£		£
Fixed assets					
Tangible assets	14		**138,687,146**		137,490,539
Investments	15		**502**		702
			138,687,648		137,491,241
Current assets					
Stock and work in progress	16	**54,116**		99,011	
Debtors	17	**103,932,139**		106,902,359	
Cash at bank and in hand		**2,631,775**		1,771,498	
		106,618,030		108,772,868	
Creditors: amounts falling due within one year	18	**(10,444,549)**		(121,288,627)	
Net current assets / (liabilities)			**96,173,481**		(12,515,759)
Total assets less current liabilities			**234,861,129**		124,975,482
Creditors: amounts falling due after more than one year	19		**(122,326,837)**		(12,047,017)
Provisions for liabilities	21		**(5,262,435)**		(4,440,285)
Net assets			**107,271,857**		108,488,180
Capital and reserves					
Called up share capital	22		**351**		351
Revaluation reserve			**14,149,890**		13,204,771
Profit and loss account			**93,121,616**		95,283,058
			107,271,857		108,488,180

The financial statements were approved and authorised for issue by the Board of Directors and signed on its behalf on 22nd October 2018

R G Mawby
Director

C W Tranter
Director

The notes on pages 10 to 20 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Called-up share capital £	Revaluation reserve £	Profit and loss account £	Total £
At 1 April 2016	**351**	**10,624,555**	**95,415,958**	**106,040,864**
Profit for the year	-	-	10,647,316	10,647,316
Transfer between reserves - revaluation of investment properties	-	2,819,059	(2,819,059)	-
Transfer between reserves - taxation on revaluation of investment properties	-	163,222	(163,222)	-
Transfer between reserves - surplus arising on sale of investment properties	-	(402,065)	402,065	-
Total comprehensive income for the year	-	2,580,216	8,067,100	10,647,316
Dividends paid	-	-	(8,200,000)	(8,200,000)
At 31 March 2017	**351**	**13,204,771**	**95,283,058**	**108,488,180**
Profit for the year	-	-	5,183,677	5,183,677
Transfer between reserves - revaluation of investment properties	-	1,645,247	(1,645,247)	-
Transfer between reserves - taxation on revaluation of investment properties	-	(440,636)	440,636	-
Transfer between reserves - surplus arising on sale of investment properties	-	(385,418)	385,418	-
Transfer between reserves - tax on disposal of investment properties	-	125,926	(125,926)	-
Total comprehensive income for the year	-	945,119	4,238,558	5,183,677
Dividends paid	-	-	(6,400,000)	(6,400,000)
At 31 March 2018	**351**	**14,149,890**	**93,121,616**	**107,271,857**

1 Summary of significant accounting policies

Statement of compliance
LCP Securities Limited ("the company"), is a private company limited by shares, incorporated in England and Wales, (Number 02390937). The registered office is LCP House, The Pensnett Estate, Kingswinford, West Midlands, DY6 7NA, which is also the company's principal place of business.

2 Basis of preparation

The company's financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and with the Companies Act 2006.

The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £.

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through the profit and loss account.

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the exemption to disclose remuneration of key management personnel, as this is disclosed in the group accounts.

The company has taken advantage of the exemption for the requirement to prepare a statement of cash flows. (Section 7 of FRS 102 and para 3.17(d) of Section 3 of FRS 102).

3 Going concern

The Directors have assessed the company's ability to continue as a going concern. As a result of this assessment, no material uncertainties have been identified that cast doubt over the ability of the company to continue as a going concern.

Accordingly, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing these financial statements.

The Directors have further considered the risks and uncertainties facing the company through the Strategic Report.

4 Significant judgements and estimates

The preparation of financial statements requires the use of estimates and assumptions that affect reported amounts of assets and liabilities during the reporting period. These estimates and assumptions are based on management's best knowledge of the amount, event or actions. Actual results may differ from those amounts.

(a) Key sources of estimation uncertainty

Valuation of financial instruments
Derivatives are valued externally by professional advisors, using market data relevant to the terms and maturity of the underlying contracts.

Valuation of investment properties
Management has made key estimates over the valuation of properties that has a significant effect on the amounts recognised in the financial statements. Management has used the valuation performed by its independent valuers as the fair value of its investment and development properties. The valuation is based upon assumptions including future rental income and an appropriate discount rate. The valuers also use market evidence of transaction prices for similar properties.

(b) Significant judgements in applying the company's accounting policies

Classification of leases
Management has to make significant judgements in the classification of various leases as either finance or operating leases. Leases are classified as finance leases whenever they transfer substantially all the risks and rewards of ownership to the company.

5 Principal accounting policies

(a) Income recognition

(ai) Turnover

Turnover represents amounts due for the year in respect of gross rental income, estate related services, service charge income, the income from managed operations such as warehousing, car parks, shopping centre malls and serviced offices and sales of development properties, excluding value added tax. Rental income is recognised on a straight line basis over the term of the lease.

Where a rent-free period or stepped rent agreement is included in a lease, the rental income foregone is allocated evenly over the term of the lease.

Where a lease incentive payment, including surrender premiums paid, does not enhance the value of the property, it is amortised on a straight line basis over the period from the date of lease commencement to the date of lease expiration. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

(aii) Revenue and profits on sale of investment properties

Revenue and profits on sale of investment properties are taken into account on the exchange of contracts. The amount of profit recognised is the difference between sale proceeds and the carrying amount.

(b) Tangible fixed assets

Tangible fixed assets, excluding investment property, are measured at cost less accumulated depreciation.

The cost of an asset comprises its purchase price and any other costs directly attributable to bringing the asset into use.

Depreciation is calculated to write off the cost, less residual value, of tangible fixed assets by equal annual instalments over their estimated useful lives as follows:

Plant and machinery	3 - 20 years

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate.

(c) Stock and work in progress

These are valued at the lower of cost and net realisable value. In respect of work in progress, cost includes materials, labour and the attributable proportion of overhead expenses.

Property developments in the course of development are valued at the lower of cost and net realisable value. Cost for this purpose comprises the cost to the company of acquiring the land and development expenditure.

(d) Taxation

Current tax is recognised as the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Transfers between reserves in respect of revaluations are net of the related deferred tax.

5 Principal accounting policies (continued)

(d) Taxation (continued)

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:

- the company has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

(e) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

(f) Investment property

The company's properties are held for long-term investment. Investment properties are accounted for as follows:

- Investment properties held under a leasehold title where substantially all the risks and rewards of ownership of the asset have passed to the company are capitalised in the balance sheet. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

- The company carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The key assumptions used to determine the fair value of investment property are explained in note 14.

- Freehold properties are recognised on the unconditional exchange of contracts.

- Development property comprises property acquired to be developed for future use as investment property and is measured at fair value.

(g) Transfer between profit and loss and revaluation reserves

Each financial period any gain or loss on the revaluation of investment property is transferred to the revaluation reserve. The unrealised gain or loss is transferred as part of the statement of changes in equity in order to clearly segregate it from distributable reserves.

(h) Finance leases

Leases are classified as finance leases whenever they transfer substantially all the risks and rewards of ownership to the company. The assets are included in investment properties and the capital elements of the leasing commitments are shown as obligations under finance leases. The assets are revalued on the same basis as owned investment properties. The interest element of the lease rental is included in the profit and loss account in interest payable and similar charges, and is charged using the effective interest rate method.

(i) Operating leases

The company has entered into commercial property leases as a lessor on its investment property portfolio and as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

(j) Financial instruments

Borrowings
Borrowings are recognised initially at fair values less any attributable transaction costs. Finance charges and direct issue costs, are accounted for on an accrual basis in the profit and loss account using the effective interest rate method.

5 Principal accounting policies (continued)

(j) Financial instruments (continued)

Derivative financial instruments
The company uses derivatives (swaps and interest rate caps) to manage interest rate risk, and does not use them for trading. They are recorded, and subsequently revalued, at fair value, with revaluation gains or losses immediately being taken to the profit and loss account.

Derivatives with a maturity of less than twelve months or those to be settled within twelve months of the balance sheet date are presented as current assets or liabilities.

Trade and other receivables and payables
Trade and other receivables are recorded at fair value. An impairment provision is made where there is objective evidence that the company will not be able to collect the amount in full. Prepayments on financing costs are amortised to the profit and loss account over the period of the loan. Trade and other payables are measured at fair value.

(k) Consolidation

The company is a wholly owned subsidiary of LCP Management Limited, a company incorporated in England and Wales. The accounts of the company and its subsidiary undertakings are included within the consolidated accounts of London & Cambridge Properties Limited, which are publicly available. The company has therefore taken advantage of the exemption from preparing consolidated financial statements in accordance with Section 400 of the Companies Act 2006.

(l) Staff costs

The company's directors and administration staff are employees of LCP Management Limited, an intermediate parent undertaking. Staff costs relate to the costs recharged where employees' places of work are solely at properties owned by the company. Costs associated to this policy including pension contributions are shown in note 11.

6 Turnover

The turnover and operating profit for the year were derived from the company's principal activity which was carried out wholly in the UK.

Turnover, analysed by category, was as follows:

	2018 £	2017 £
Rental income	**10,378,183**	10,485,108
Service charge income	**883,509**	1,259,920
Car park income	**6,637**	(2,996)
	11,268,329	11,742,032

7 Income from investments

	2018 £	2017 £
Unlisted shares in group undertakings	**-**	7,600,000

8 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2018 £	2017 £
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the company's annual accounts	**9,525**	8,200
Fees payable to the company's auditor and its associates for other services:		
Tax compliance services	**250**	7,900
Depreciation of tangible fixed assets - owned assets	**-**	6,596
Change in fair value of investment properties	**(1,645,247)**	(2,921,509)
Impairment loss on trade debtors	**152,840**	252,136
Change in fair value of financial instruments	**(1,503,865)**	(1,957,924)

9 Interest receivable and similar income

	2018	2017
	£	£
Bank interest	15,605	46,640
Other interest	899	1,604
Interest on loans to group companies	1,995,332	2,130,479
Total interest income on financial assets not measured at fair value through profit and loss	2,011,836	2,178,723
Gain on derivative financial instruments	1,503,865	1,957,924
	3,515,701	4,136,647

10 Interest payable and similar charges

	2018	2017
	£	£
Interest payable on bank loans and overdrafts	2,028,513	2,158,899
Amortisation of issue costs	263,584	111,996
Other interest payable	499,977	573,208
Foreign exchange losses	2,902,003	8,678,899
Total interest expense on financial liabilities not measured at fair value through profit and loss	5,694,077	11,523,002
Interest payable on financial instruments	1,645,703	2,267,691
	7,339,780	13,790,693

11 Staff numbers and costs

Staff costs during the year were as follows:

	2018	2017
	£	£
Wages and salaries	73,236	73,996
Social security costs	6,678	7,709
Other pension costs (see note 23)	3,575	4,121
	83,489	85,826

The average number of employees of the company during the year was:

	2018	2017
Directors	12	12
Management and administration	2	2
	14	14

12 Tax on profit on ordinary activities

(a) Tax expense included in the profit and loss account

	2018	2017
	£	£
UK corporation tax at 19% (2017: 20%), being tax on results on ordinary activities	632,430	(695,358)
Deferred tax - origination and reversal of timing differences	91,914	(67,777)
Deferred tax - change in value of investment properties	440,636	(163,222)
Deferred tax - change in fair value of derivative contracts	289,600	371,029
	822,150	140,030
Tax on results on ordinary activities	1,454,580	(555,328)

12 Tax on profit on ordinary activities (continued)

(b) Reconciliation of tax charge

The tax assessed for the year is different than the standard rate of corporation tax in the United Kingdom at 19% (2017:20%) . The differences are explained as follows:

	2018	2017
	£	£
Profit on ordinary activities before tax	**6,638,257**	10,091,988
Profit on ordinary activities multiplied by standard rate of tax	**1,261,269**	2,018,398
Expenses disallowed	**4,955**	2,033
Reduced tax on property disposals	**(59,920)**	(85,264)
Deferred tax - principally capital allowances	**(24,867)**	(3,857)
Deferred tax - origination and reversal of timing differences	**91,914**	(67,777)
Deferred tax - change in fair value of derivatives	**3,866**	(20,555)
Deferred tax - unrealised revaluation gains	**128,039**	(747,525)
Transfer pricing adjustments	**(87,938)**	(161,316)
Intra-group dividends	**-**	(1,520,000)
Capital gain	**137,262**	30,535
Tax on results on ordinary activities	**1,454,580**	(555,328)

13 Dividends

	2018	2017
	£	£
Ordinary dividends	**6,400,000**	8,200,000

14 Tangible fixed assets

	Investment properties			
	Long leasehold	**Freehold**	**Plant and machinery**	**Total**
	£	**£**	**£**	**£**
Cost or valuation				
At 1 April 2017	33,974,601	103,515,938	84,388	137,574,927
Additions	574,829	169,203	-	744,032
Disposals	-	(1,109,282)	-	(1,109,282)
Head lease movement	(83,390)	-	-	(83,390)
Reclassification	1,530,938	(1,530,938)	-	-
Revaluations	670,218	975,029	-	1,645,247
At 31 March 2018	**36,667,196**	**102,019,950**	**84,388**	**138,771,534**
Depreciation				
At 1 April 2017 and at 31 March 2018	**-**	**-**	**84,388**	**84,388**
Net book value at 31 March 2018	**36,667,196**	**102,019,950**	**-**	**138,687,146**
Net book value at 31 March 2017	33,974,601	103,515,938	-	137,490,539

14 Tangible fixed assets (continued)

Freehold and leasehold investment properties are shown at their 31 March 2018 fair value, with changes in fair value being recognised in the profit and loss account.

At 31 March 2018, the company's UK portfolio of investment properties was valued at fair value by Jones Lang LaSalle Limited, professionally qualified external valuers, in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors.

Investment properties excluding assets held as development assets are valued by adopting the "market value" and "market rent" bases of valuation, with the following significant assumptions:

- that valuations are based upon the assumption of future income discounted at appropriate yield rates and market evidence of transaction prices for similar properties in the areas concerned.
- that full planning consent exists, or established use rights are available for the existing building and present uses.
- that there are no unusually onerous restrictions or obligations attaching to the properties.
- that the properties are assumed to be in good repair and condition.

On a historical cost basis, freehold and long leasehold land and buildings would have been included as follows:

	2018	2017
	£	£
Cost	**109,423,753**	109,789,003

15 Fixed asset investments

	Shares in group undertakings
Cost or valuation	**£**
At 1st April 2017	702
Disposals	(200)
At 31 March 2018	502
Net book value at 31 March 2018	**502**
Net book value at 31 March 2017	702

16 Stock and work in progress

	2018	2017
	£	£
Work in progress	**54,116**	99,011

17 Debtors

	2018	2017
	£	£
Trade debtors	592,828	805,246
Amounts owed by group undertakings	99,720,616	102,389,104
Other debtors	3,191,660	3,063,587
Prepayments and accrued income	427,035	644,422
	103,932,139	106,902,359

Included in the above are amounts falling due after more than one year as follows:

	2018	2017
Refinancing charges	303,135	-

18 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	774,685	880,554
Amounts owed to group undertakings	1,953,862	6,892
Other creditors	1,802,010	1,856,855
Investment property head leases	362,601	362,601
Derivative financial instruments	132,810	715,722
Accruals and deferred income	3,074,581	3,110,807
Bank loans and overdrafts	2,344,000	114,355,196
	10,444,549	121,288,627

The undiscounted maturity of liabilities arising from capitalised head rents is disclosed in note 24.

19 Creditors: amounts falling due after more than one year

	2018	2017
	£	£
Bank loans and overdrafts	111,284,164	-
Derivative financial instruments	663,076	1,584,029
Amounts due under finance leases	10,379,597	10,462,988
	122,326,837	12,047,017

Bank loans are repayable as follows:

	2018	2017
	£	£
Less than one year	2,344,000	114,355,196
Between two to five years	111,284,164	-
	113,628,164	114,355,196

During the year the company negotiated a new £150 million facility with the bank repayable in July 2020 and bears interest at 1.7%.

The loan is secured by a fixed and floating charge over the assets of the company. The charge specifically includes the company's freehold properties and amounts standing to the credit of the bank account.

The company has entered into interest rate swaps on behalf of the group as part of the group's financial risk management strategy. These mature in less than five years.

The Handelsbanken loan has incurred an amortisation charge of £2,344,000 (2017: £2,032,767) in accordance with FRS 102 regulations.

The undiscounted maturity of liabilities arising from capitalised head rents is disclosed in note 24.

20 Financial instruments

The company has the following financial instruments:

	2018 £	2017 £
Financial assets		
Cash	2,631,775	1,771,498
Financial assets that are debt instruments measured at amortised cost:		
Trade receivables	592,828	805,246
Other receivables	102,912,276	105,452,691
Other investments	502	702
	103,505,606	106,258,639
Financial liabilities		
Financial liabilities measured at amortised cost:		
Bank loans and overdrafts	113,628,164	114,355,196
Trade creditors	774,685	880,554
Finance leases	10,742,198	10,825,589
Other creditors	3,755,873	1,863,747
Accruals	1,022,926	986,148
	129,923,846	128,911,234
Financial liabilities measured at fair value through profit or loss:		
Derivative financial instruments	795,886	2,299,751

Derivative financial instruments - interest rate swaps
The company has entered into interest rate swaps based on principal amounts totalling £30 million (2017: £95 million) and €90 million (2017: €82.5 million), at varying rates of fixed interest. The instruments are used to hedge the company's exposure to interest rate movements on bank loans.

The fair value of interest rate swaps represents the net present value of the difference between the contracted rate and the valuation rate when applied to the projected balances for the period from the reporting date to the contracted expiry dates.

21 Provisions for liabilities

	Deferred tax £
At 1 April 2017	4,440,285
Movement in the year attributable to the reduction in the tax rate	91,914
Revaluation of freehold property	440,636
Charge on fair value change on derivative contracts	289,600
At 31 March 2018	5,262,435

	2018 £	2017 £
Accelerated capital allowances	**228,461**	136,547
Investment property revaluations	**5,171,931**	4,731,295
Derivative contracts	**(137,957)**	(427,557)
	5,262,435	4,440,285

22 Share capital and reserves

	2018 £	2017 £
Allotted, called up and fully paid		
Equity shares		
1,000 Ordinary shares of £0.10 each	**100**	100
2,511 Deferred ordinary shares of £0.10 each	**251**	251
	351	351

All shares carry equal voting rights and rights to participate in any distribution.

Revaluation reserve

Where tangible fixed assets are revalued or reclassified as investment property, the cumulative increase in the fair value of the property at the date of reclassification in excess of any impairment losses is included in the revaluation reserve. Amounts shown in the revaluation reserve are net of associated deferred tax.

23 Pension scheme

Certain employees of the company are members of a defined benefit scheme operated by the intermediate parent undertaking, London and Cambridge Properties Limited. Contributions to the scheme are based on costs across the group. Details of the actuarial position of the scheme can be found in the financial statements of London and Cambridge Properties Limited. It is not possible to determine the proportion of any actuarial surplus that specifically related to this company.

The company also participates in the group's defined contribution stakeholder pension scheme. Company contributions to this scheme are fixed and paid monthly in accordance with the scheme rules.

24 Operating lease commitments

The company as lessee

Future aggregate minimum rental payments under non-cancellable leases are:

	Land and buildings	
	2018	2017
	£	£
Leases expiring within one year	**362,601**	296,717
Later than one year but not later than five years	**1,450,404**	1,186,868
Leases expiring after five years	**38,230,743**	17,772,342
	40,043,748	19,255,927

Head lease commitments have been capitalised and treated as finance leases. The above represents the undiscounted commitment with the discounted liability included within notes 18 and 19.

The company as lessor
The company leases out all of its investment properties under operating leases.

Future aggregate minimum rentals receivable under non-cancellable operating leases are:

	Land and buildings	
	2018	2017
	£	£
Not later than one year	**8,845,352**	8,521,004
Later than one year but not later than five years	**22,143,823**	23,101,699
Later than five years	**36,402,808**	39,236,020
	67,391,983	70,858,723

Property rental income earned during the year was £10,378,183 (2017 £10,485,108). Lease terms vary depending upon the property use and the lease length.

25 Related party disclosures

Related party transactions with parent and fellow subsidiary undertakings have not been disclosed in accordance with the exemption conferred by FRS 102, Section 33, Paragraph 1A .

26 Ultimate parent undertaking

In the opinion of the directors, the ultimate parent undertaking is Silver Bay Enterprises Limited, whilst Leathbond Limited, a company incorporated in England and Wales is the largest consolidated group undertaking. There is no single controlling party.

The immediate parent undertaking, and smallest consolidated group, is London and Cambridge Properties Limited.

Copies of the consolidated accounts can be obtained from Companies House.