
Apartpower Limited

Annual Report and Accounts

Year ended 31 March 2016

Company number 02832059

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Apartpower Limited
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for the year ended 31 March 2016

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Apartpower Limited
STRATEGIC REPORT
for the year ended 31 March 2016

The directors present their Strategic Report for the year ended 31 March 2016

Principal activities

Apartpower Limited ("the company") is a wholly owned subsidiary of The British Land Company PLC and operates as a constituent of The British Land Company PLC group of companies ("the group") The company's principal activity is property investment in the United Kingdom (UK)

Business review

As shown in the company's Profit and Loss Account on page 5, the company's turnover is £1,993,346 compared to turnover of £2,751,527 in the prior year and the profit on ordinary activities before taxation is £9,952,900 compared to a profit on ordinary activities before taxation of £43,855,004 in the prior year

Dividends of £80,000,000 (2015 £nil) were paid in the year

The Balance Sheet on page 7 shows that the company's financial position at the year end is, in net asset terms, a decrease on the prior year

During the year ended 31 March 2016, the company has disposed of all of its investments properties as shown in note 7 to the company's Balance Sheet

The Board uses total return, to monitor the performance of the company This is a measure of growth in total equity per share, adding back any current year dividend

The company is a subsidiary of The British Land Company PLC The company's strategy is the same as the group's strategy – to deliver an above average annualised total return to shareholders, which is achieved by creating attractive environments in the right places focused around the people who work, shop and live in them

The expected future developments of the company are determined by the strategy of the group There are no future developments outside of the company's current operations planned

For more information also see the The British Land Company PLC group annual report

The performance of the group, which includes the company, is discussed in the group's annual report which does not form part of this report

Principal risks and uncertainties

This company is part of a large property investment group As such, the fundamental underlying risks for this company are those of the property group as discussed below

The group generates returns to shareholders through long-term investment decisions requiring the evaluation of opportunities arising in the following areas

- demand for space from occupiers against available supply,
- identification and execution of investment and development strategies which are value enhancing,
- availability of financing or refinancing at an acceptable cost,
- economic cycles, including their impact on tenant covenant quality, interest rates, inflation and property values,
- legislative changes, including planning consents and taxation,
- engagement of development contractors with strong covenants,
- key staff changes,
- environmental and health and safety policies, and
- the period of uncertainty for the UK economy and real estate markets resulting from the decision on 23 June 2016 of the UK electorate to vote to leave the European Union

These opportunities also represent risks, the most significant being change to the value of the property portfolio This risk has high visibility to directors and is considered and managed on a continuous basis Directors use their knowledge and experience to knowingly accept a measured degree of market risk

The group's preference for prime assets and their secure long term contracted rental income, primarily with upward only rent review clauses, presents lower risks than many other property portfolios

Apartpower Limited

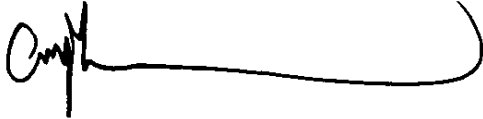
**STRATEGIC REPORT (CONTINUED)
for the year ended 31 March 2016**

Principal risks and uncertainties (continued)

The company has no third party debt. It therefore has no interest rate exposure.

The financial risks for the company are managed in accordance with the group financial risk management policy, as disclosed in the consolidated group accounts.

This report was approved by the Board on 01/12/2016 and signed by the order of the board by:

A handwritten signature in black ink, appearing to be 'C Forshaw', followed by a long horizontal line that curves upwards at the end.

**C Forshaw
Director**

Apartpower Limited

DIRECTORS' REPORT for the year ended 31 March 2016

The directors present their Annual Report on the affairs of the company, together with the financial statements for the year ended 31 March 2016

Environment

Across the group, The British Land Company PLC recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies. The group's full sustainability report is available online at www.britishland.com/sustainability/reports-and-publications/2016

Directors

The directors who were in office during the year and up to the date of signing the financial statements were

S Barzycki
C Forshaw
L Bell
T Roberts
J Vandevivere (resigned 31 January 2016)
N Webb
V Penrice (resigned 29 April 2015)

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. 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 Financial Reporting Standard 101 Reduced Disclosure Framework has been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

The company has indemnified its current directors. The indemnity arrangements are qualifying indemnity provisions under the Companies Act 2006 and are currently in force at the date of this Annual Report.

Payments policy

In the absence of dispute, amounts due to trade and other suppliers are settled as expeditiously as possible within their terms of payment. Payments are administered on a consistent basis throughout the group by The British Land Company PLC whose suppliers' days outstanding at 31 March 2016 were 34 (2015: 36).

Subsequent events

Details of significant events since the Balance Sheet date, if any, are contained in note 13.

Going concern

The directors consider the company to be a going concern and the accounts are prepared on this basis. Details of this are shown in note 1 of the financial statements. When assessing the company's going concern status the Directors have taken into account the UK electorate's decision on 23 June 2016 to vote to leave the European Union, and the resulting period of uncertainty for the UK economy and real estate markets.

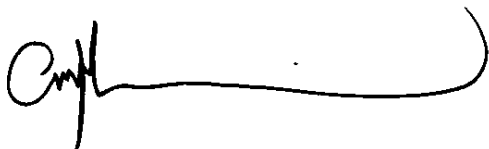
Apartpower Limited

**DIRECTORS' REPORT (CONTINUED)
for the year ended 31 March 2016**

Audit Exemption taken for the year ended 31 March 2016

The company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of that Act, as disclosed on page 163 of The British Land Company PLC Annual Report and Accounts 2016. The ultimate holding company and controlling party is The British Land Company PLC.

This report was approved by the Board on 01/12/2016 and signed by the order of the board by

A handwritten signature in black ink, appearing to be 'C Forshaw', with a long horizontal flourish extending to the right.

**C Forshaw
Director**

Apartpower Limited

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2016

	Note	2016 £	2015 £
Turnover	2	1,993,346	2,751,527
Cost of sales		(144,376)	(257,344)
Gross profit		1,848,970	2,494,183
Administrative expenses		(325,806)	(260,522)
Operating profit		1,523,164	2,233,661
Profit on disposal of properties		8,429,736	247,000
Revaluation of investment properties	7	-	41,901,056
Profit on ordinary activities before interest and taxation		9,952,900	44,381,717
Interest payable and similar charges	5	-	(526,713)
Profit on ordinary activities before taxation	3	9,952,900	43,855,004
Tax on profit on ordinary activities	6	-	-
Profit for the financial year		9,952,900	43,855,004

Turnover and results are derived from continuing operations within the United Kingdom

The company has only one significant class of business, that of to market and be the operator of unregulated collective investment schemes

Apartpower Limited

**STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2016**

	2016 £	2015 £
Profit for the financial year	9,952,900	43,855,004
Total comprehensive income for the year	9,952,900	43,855,004

Apartpower Limited

BALANCE SHEET
as at 31 March 2016

	Note	2016 £	2015 £
Fixed assets			
Investment properties	7	-	127,750,000
		-	127,750,000
Current assets			
Debtors	8	39,462,354	280,070
		39,462,354	280,070
Creditors due within one year	9	(172,757)	(18,693,373)
Net current assets/(liabilities)		39,289,597	(18,413,303)
Net assets		39,289,597	109,336,697
Capital and reserves			
Called up share capital	10	38,000,002	38,000,002
Profit and loss account		1,289,595	71,336,695
Total equity		39,289,597	109,336,697

For the year ending 31 March 2016 the company was entitled to exemption from audit under Section 479A of the Companies Act 2006 relating to subsidiary companies

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

The financial statements of Apartpower Limited, company number 02832059, on pages 5 to 13, were approved by the Board of Directors and authorised for issue on 01/12/2016 and signed on its behalf by



C Forshaw
Director

Apartpower Limited

**STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2016**

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 April 2014	38,000,002	27,481,691	65,481,693
Profit for the financial year	-	43,855,004	43,855,004
Total comprehensive income for the year	-	43,855,004	43,855,004
Balance at 31 March 2015	38,000,002	71,336,695	109,336,697
Profit for the financial year	-	9,952,900	9,952,900
Total comprehensive income for the year	-	9,952,900	9,952,900
Dividends payable in year	-	(80,000,000)	(80,000,000)
Balance at 31 March 2016	38,000,002	1,289,595	39,289,597

Apartpower Limited

NOTES TO THE ACCOUNTS **for the year ended 31 March 2016**

1 Accounting policies

The principal accounting policies adopted by the directors are summarised below. They have all been applied consistently throughout the current year and previous year.

Basis of preparation

This company is incorporated and domiciled in the United Kingdom under the Companies Act. The address of the registered office is York House, 45 Seymour Street, London, W1H 7LX.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

These financial statements are separate financial statements. The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of The British Land Company PLC. Details of the parent in whose consolidated financial statements the company is included in are shown in note 14 to the financial statements.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 1 to provide a Balance Sheet at the beginning of the year in the event of a prior year adjustment,
- (b) The requirements of IAS 1 to provide a Statement of Cash flows for the year,
- (c) The requirements of IAS 1 to provide a statement of compliance with IFRS,
- (d) The requirements of IAS 1 to disclose information on the management of capital,
- (e) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRSs that have been issued but are not yet effective,
- (f) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member,
- (g) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation,
- (h) The requirements of IFRS 7 to disclose financial instruments, and
- (i) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group accounts of The British Land Company PLC. The group accounts of The British Land Company PLC are available to the public and can be obtained as set out in note 14.

Going concern

The directors consider that the company has adequate resources to continue trading for the foreseeable future, with no external borrowings and a working capital cycle enabling the company to meet all liabilities as they fall due.

As a consequence of this, the directors feel that the company is well placed to manage its business risks successfully in the current economic climate. Accordingly, they believe the going concern basis is an appropriate one.

Apartpower Limited

NOTES TO THE ACCOUNTS (CONTINUED) for the year ended 31 March 2016

1 Accounting policies (continued)

Significant judgements and sources of estimation uncertainty

The key source of estimation uncertainty relates to the valuation of the property portfolio and investments, where an external valuation is obtained. In accounting for net rental income, the group is required to judge the recoverability of any income accrued and provides against the credit risk on these amounts. The potential for management to make judgements or estimates relating to those items which would have a significant impact on the financial statements is considered, by the nature of the group's business, to be limited.

Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Any surplus or deficit arising on revaluing investment properties is recognised in the Profit and Loss Account as a fair value movement.

Where properties held for investment are appropriated to trading stock, they are transferred at market value. If properties held for trading are appropriated to investment, they are transferred at book value.

Taxation

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided on items that may become taxable at a later date, on the difference between the balance sheet value and tax base value, on an undiscounted basis.

Turnover

Net rental income

Rental income is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earliest termination date.

Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure that the carrying value of the related property including the accrued rent does not exceed the external valuation. Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date.

Where a lease incentive payment, including surrender premia paid, does not enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the earliest termination date. 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.

Rents payable

Rents payable under operating leases are charged on a straight line basis over the lease term, even if the payments are not made on such a basis.

2 Turnover

	2016 £	2015 £
Rent receivable	1,993,346	2,751,527
Total turnover	1,993,346	2,751,527

Apartpower Limited

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2016

3 Profit on ordinary activities before taxation

Auditors' remuneration

No non-audit fees were paid to the group auditors during the year, in respect of this company

4 Staff numbers and costs

No director received any remuneration for services to the company in either year. The remuneration of the directors were borne by another company within the group, for which no apportionment recharges were made.

Average number of employees, excluding directors, of the company during the year was nil (2015: nil)

5 Interest payable and similar charges

	2016 £	2015 £
Interest payable on amounts owed to group	-	526,713
Total interest payable	-	526,713

6 Tax on profit on ordinary activities

	2016 £	2015 £
Current tax		
UK corporation tax	-	-
Total current tax charge	-	-

Tax reconciliation

Profit on ordinary activities before taxation	9,952,900	43,855,004
Tax on profit on ordinary activities at UK corporation tax rate of 20% (2015: 21%)	1,990,580	9,209,551
Effects of		
REIT exempt income and gains	(1,170,013)	(145,325)
Capital allowances	(71,894)	(213,134)
Increase in fair value of investment property	-	(8,799,222)
Income not taxable for tax purposes	(748,673)	(51,870)
Transfer pricing adjustments	225,487	-
Group relief claimed for nil consideration	(225,487)	-
Total tax expense	-	-

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

In the Budget on 16 March 2016, the Chancellor announced additional planned reductions to 17% effective from 1 April 2020. This will reduce the company's future current tax charge accordingly.

Apartpower Limited

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2016

7. Investment properties

	Total £
Fair value	
1 April 2015	127,750,000
Additions	5,481,900
Disposals	(129,729,149)
Lease incentive and rent review receivables	(3,502,751)
31 March 2016	-
Fair value	
1 April 2014	81,950,000
Additions	399,193
Disposals	(3,000)
Lease incentive and rent review receivables	3,502,751
Revaluation included in profit and loss account	41,901,056
31 March 2015	127,750,000
Analysis of cost and valuation	
31 March 2016	
Cost	-
Revaluation	-
Net book value	-
31 March 2015	
Cost	66,426,788
Revaluation	61,323,212
Net book value	127,750,000

At 31 March 2016, the book value of company's freehold investment properties was £nil (2015 £127.8m)

Properties were valued to fair value at 31 March 2015 by Knight Frank LLP, independent valuers not connected with the company, in accordance with the RICS Valuation - Professional Standards 2014, Ninth Edition, published by The Royal Institution of Chartered Surveyors

Investment properties are valued by adopting the "investment method" of valuation. This approach involves applying capitalisation yields to current and estimated future rental streams net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and rental values are based on comparable property and leasing transactions in the market, using the valuers' professional judgement and market observation. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

The company leases out all of its investment properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2016 £	2015 £
Between one and five years	-	22,482,881
Greater than five years	-	37,652,252
Total	-	60,135,133

Apartpower Limited

NOTES TO THE ACCOUNTS (CONTINUED)
for the year ended 31 March 2016

8 Debtors

	2016 £	2015 £
Current debtors (due within one year)		
Trade debtors	-	29,910
Amounts owed by group companies - current accounts	39,456,158	88,701
Prepayments and accrued income	6,196	17,603
VAT	-	143,856
	39,462,354	280,070

9 Creditors due within one year

	2016 £	2015 £
Amounts owed to group companies - current accounts	4,315	17,007,258
Accruals and deferred income	168,442	1,686,115
	172,757	18,693,373

Amounts owed to group companies are repayable on demand. There is no interest charged on these balances.

10 Called up share capital

	2016 £	2015 £
Issued share capital - allotted, called up and fully paid		
Ordinary shares of £1.00 each		
Balance as at 1 April and 31 March 38,000,002 shares	38,000,002	38,000,002

11 Capital commitments

The company had capital commitments contracted as at 31 March 2016 of £nil (2015 £55,000).

12 Contingent liabilities

The company is jointly and severally liable with the ultimate holding company and fellow subsidiaries for all monies falling due under the group VAT registration.

13 Subsequent events

On 23 June 2016 the UK electorate voted to leave the European Union. This decision commences a process that is likely to take a minimum of two years to complete, and during this time the UK remains a member of the European Union. There will be a resulting period of uncertainty for the UK economy and real estate markets, with increased volatility expected in financial markets. This does not impact the fair value of assets and liabilities, including investment properties where relevant, reported at the balance sheet date of 31 March 2016.

14 Immediate parent and ultimate holding company

The immediate parent company is 39 Victoria Street Limited.

The British Land Company PLC is the smallest and largest group for which group accounts are available and which include the company. The ultimate holding company and controlling party is The British Land Company PLC. Group accounts for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.