

Goodman UK Limited

**Directors' report and financial
statements**

Registered number 3625138
For the year ended 30 June 2018



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Officers and professional advisers

Directors

J M Cornell
M J O'Sullivan
A J Johnston (resigned 31 December 2017)
R P Reed
C E Crossland
P C Ralston (appointed 18 January 2018)

Company Secretary

Ancosec Limited

Registered office

Nelson House
Central Boulevard
Blythe Valley Park
Solihull
West Midlands
B90 8BG

Auditor

KPMG LLP
15 Canada Square
Canary Wharf
London
E14 5GL

Directors' report

The directors present their report and the audited financial statements of Goodman UK Limited ("the Company") for the year ended 30 June 2018.

Principal activity

The Company's principal activity is to act as a holding company.

Business review and future developments

Both the level of business and the year-end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The loss for the year after taxation amounted to £18,587,000 (2017: loss £719,000).

The directors do not recommend the payment of a dividend in respect for the year ended 30 June 2018 (2017: £nil).

Directors and directors' interests

The following served as directors during the year and up to the date of this report unless otherwise stated:

J M Cornell
M J O'Sullivan
A J Johnston (resigned 31 December 2017)
R P Reed
C E Crossland
P C Ralston (appointed 18 January 2018)

None of the directors had any interest at any time during the year in the shares of the Company.

Small company exemption

In preparing the Directors' report, the directors have taken advantage of the small companies exemption under section 414B of the Companies Act 2006 not to prepare a Strategic report.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to auditor

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

By order of the board



C Gow
Ancosec Limited
Secretary

Registered Office
Nelson House
Central Boulevard, Blythe Valley Park
Solihull, West Midlands
B90 8BG
18 April 2019

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice) including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- assess the company's ability to continue as going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOODMAN (UK) LIMITED

Opinion

We have audited the financial statements of Goodman (UK) Limited ("the company") for the year ended 30 June 2018 which comprise the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOODMAN (UK) LIMITED *(continued)*

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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



Henry Todd (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

28 April 2019

Statement of comprehensive income
for the year ended 30 June 2018

	<i>Note</i>	2018 £000	2017 £000
Turnover	3	2,304	332
Cost of sales		(2,091)	(72)
Gross Profit		213	260
Administrative expenses		(1,318)	(1,148)
Operating loss	4	(1,105)	(888)
Reversal of prior year impairment of fixed asset investments	5	15,000	-
Impairment of fixed asset investments	5	(32,328)	-
Loss on sale of fixed asset investments		-	(3)
Other interest receivable and similar income		3	291
Interest payable and similar charges		(164)	(26)
Foreign exchange gain/(loss)		2	(93)
Loss before taxation		(18,592)	(719)
Tax on loss	6	-	-
Loss for the financial year		(18,592)	(719)
Remeasurement of the net defined benefit liability		2,812	995
Remeasurement of the deferred tax asset		(665)	(596)
Other comprehensive income/(loss)		2,147	399
Total comprehensive loss		(16,445)	(320)

All amounts relate to continuing activities.

The notes on pages 9 to 18 form part of the financial statements.

Statement of changes in equity
for the year ended 30 June 2018

	Share capital	Share premium	Capital contribution	Defined benefit actuarial reserve	Profit and loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 July 2016	84,354	24,003	-	(17,007)	(26,949)	64,401
Loss for the year	-	-	-	-	(719)	(719)
Other comprehensive loss	-	-	-	399	-	399
Total comprehensive loss for the year	-	-	-	399	(719)	(320)
At 30 June and 1 July 2017	84,354	24,003	-	(16,608)	(27,668)	64,081
Loss for the year	-	-	-	-	(18,592)	(18,592)
Other comprehensive income	-	-	-	2,147	-	2,147
Total comprehensive loss for the year	-	-	-	2,147	(18,592)	(16,445)
Capital contribution	-	-	22,303	-	-	22,303
Shares issued in the year	7,928	-	-	-	-	7,928
Total contributions by and distributions to owners	7,928	-	22,303	-	-	30,231
At 30 June 2018	92,282	24,003	22,303	(14,461)	(46,260)	77,867

The notes on pages 9 to 18 form part of the financial statements.

Statement of financial position
at 30 June 2018

	<i>Note</i>	2018 £000	2017 £000
Fixed assets			
Investments	9	45,621	30,621
Investment property	10	7,921	7,921
		<hr/> 53,542	<hr/> 38,542
Debtors: amounts falling due after one year			
Deferred tax asset	6	2,372	3,037
Current assets			
Debtors	11	59,354	63,271
Cash at bank and in hand		103	102
		<hr/> 59,457	<hr/> 63,373
Creditors: amounts falling due within one year	12	(23,609)	(23,065)
Net current assets		<hr/> 35,848	<hr/> 40,308
Creditors: amounts falling due after one year			
Provision for pension obligations	14	(13,895)	(17,806)
Net assets		<hr/> <hr/> 77,867	<hr/> <hr/> 64,081
Capital and reserves			
Called up share capital	13	92,282	84,354
Share premium		24,003	24,003
Capital contribution		22,303	-
Defined benefit reserve		(14,461)	(16,608)
Profit and loss account		(46,260)	(27,668)
Total shareholders' funds		<hr/> <hr/> 77,867	<hr/> <hr/> 64,081

The notes on pages 9 to 18 form part of the financial statements. The company's registration number is 3625138.

These financial statements were approved by the board of directors on 18 April 2019 and were signed on its behalf by:



R P Reed
Director

Notes

(forming part of the financial statements)

1 Statement of compliance

Goodman UK Limited (the "Company") is a private company limited by shares, incorporated, domiciled and registered in England and Wales in the UK. The registered office is Nelson House, Central Boulevard, Blythe Valley Park, Solihull, West Midlands, B90 8BG.

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

2 Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The functional and presentation currency of these financial statements is sterling, rounded to the nearest £1,000.

The directors consider it is appropriate to prepare the Financial Statements on a going concern basis. This is because they consider there to be sufficient funds to allow the Company to meet its liabilities as they fall due.

Disclosure exemptions

The entity satisfies the criteria of being a qualified entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Goodman Limited, a company incorporated in Australia listed on the Australian Securities Exchange, which can be obtained from: Level 17, 60 Castlereagh Street, Sydney, NSW 2000, Australia. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) No cash flow statement has been presented for the company.
- (b) The requirement to present group financial statements.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of related party transactions with entities which are wholly owned within the Goodman Limited group have not been presented.

Interest

Interest payable is expensed through the profit and loss account as incurred.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes *(continued)*

2 Accounting policies *(continued)*

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the profit loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are 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. Deferred tax is measured 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.

Defined Benefit scheme

The Company's net obligation in respect of defined benefit plans is calculated, separately for each plan, by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense on the net defined benefit liability for the period, by applying the discount rate, as determined at the beginning of the annual period, to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Company's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability is recognised in other comprehensive income in the period in which it occurs.

Investments

Fixed asset investments are carried at cost less any provision for impairment.

The directors annually consider the impairment of each asset and assess its long term recoverability.

Investment Property

Investment property is initially recorded at cost, which includes purchase price paid and any directly attributable expenditure.

Investment property is valued at its fair value at each reporting date and any changes in fair value are recognised in the statement of comprehensive income.

Notes (continued)

2 Accounting policies (continued)

Debtors

Receivables comprise trade and other receivables and loans to fellow group companies and are recognised on the date that they are originated, initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest rate method, less any impairment losses.

Creditors

Payables comprise trade and other payables and loans from fellow group companies and are recognised on the date that they are originated, initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest rate method.

Accounting estimates and judgements

The preparation of financial statements requires the Company to make judgements, estimates and assumptions that affect items reported in the statement of financial position and statement of comprehensive income and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these judgements and estimates are based on management's best knowledge of current facts, circumstances and, to some extent, future events and actions, actual results ultimately may differ from these judgements and estimates, possibly significantly. The estimates, assumptions and judgements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects that year only, or in the year of revision and future periods if the revision affects current and future periods.

Critical accounting judgement – valuation of investment in controlled entities

Refer to Note 5 Impairment of fixed asset investments.

Critical accounting judgement – valuation of defined benefit pension obligations

Refer to Note 14 Employee benefits.

3 Turnover

	2018 £000	2017 £000
Consultancy fee income	1,965	-
Rental and service charge income	339	332
	<u>2,304</u>	<u>332</u>

All turnover arises in the United Kingdom.

4 Operating loss

The Auditor's fees of £3,529 (2017: £2,941), for the audit of these annual statements, were borne by Goodman Real Estate Adviser (UK) Limited, a wholly owned subsidiary.

Notes (continued)

5 Impairment of fixed asset investments

During July and August 2017, the Company subscribed for an additional £24,400,000 of share capital in its wholly owned subsidiary Goodman Real Estate Services (UK) Limited, who in turn subscribed for additional share capital in its own subsidiary Goodman LP (UK) Limited. These funds enabled Goodman LP (UK) Limited to settle all outstanding intercompany debt prior to it being sold by Goodman Real Estate Services (UK) Limited as part of the disposal of Arlington Business Park Partnership. After this subscription the carrying value of the Company's investment in Goodman Real Estate Services (UK) Limited was £24,400,000.

At 31 December 2017 management conducted an impairment review of the company's investment in Goodman Real Estate Services (UK) Limited. This review was conducted due to changes in the projected future income streams of the subsidiaries of Goodman Real Estate Services (UK) Limited following the disposal of Arlington Business Parks Partnership. As a result of this review, an impairment expense of £24.4m was considered necessary.

During April 2018, the Company subscribed for an additional £7,927,567 of share capital in its wholly owned subsidiary Goodman Real Estate Services (UK) Limited, who in turn subscribed for additional share capital in its own subsidiaries Goodman Real Estate Adviser (UK) Limited and Goodman Real Estate Developments (2003). These funds enabled Goodman Real Estate Adviser (UK) Limited and Goodman Real Estate Developments (2003) to settle all outstanding intercompany debt owed to fellow subsidiaries of Goodman Limited established in Australia. After this subscription the carrying value of the Company's investment in Goodman Real Estate Services (UK) Limited was £7,927,567.

At 30 June 2018 management conducted an impairment review of the company's investment in Goodman Real Estate Services (UK) Limited. This review was conducted due to changes in the projected future income streams of the subsidiaries of Goodman Real Estate Services (UK) Limited following the disposal of Arlington Business Parks Partnership. As a result of this review, a further impairment expense of £7.9m was considered necessary.

These impairment losses have been recognised within "Impairment of fixed asset investments" in the statement of comprehensive income.

On 31 December 2018 one of the Company's wholly owned subsidiaries, Goodman Bidco 3 (UK) Limited, recognised a capital contribution of £15.2m in relation to a loan forgiven by a fellow subsidiary of Goodman Limited. At 30 June 2018 management conducted an impairment review of the company's investment in Goodman Bidco 3 (UK) Limited. This review was conducted in light of this capital contribution and changes in the projected future income streams of the subsidiaries of Goodman Bidco 3 (UK) Limited. As a result of this review, it was decided to reverse £15.0m of a £35.0m impairment charge booked in a previous accounting period.

This impairment reversal has been recognised within "Reversal of prior year impairment of fixed asset investments" in the statement of comprehensive income.

Notes (continued)

6 Taxation

Tax on profit

a) A £nil (2017: £nil) tax charge arose in the year.

b) Factors affecting current tax charge.

The tax assessed on the profit for the year differs from the effective rate of corporation tax of 19.0% (2017: 19.75%). The difference is explained below:

	2018 £000	2017 £000
Current tax		
Loss before tax	(18,592)	(719)
	<hr/>	<hr/>
Loss multiplied by effective rate of corporation tax at 19.0% (2017: 19.75%)	(3,532)	(142)
Adjustment in respect of impairment of fixed asset investment	3,292	-
Group relief surrendered for nil consideration/ deferred tax asset not recognised	240	142
	<hr/>	<hr/>
Total current tax	-	-
	<hr/> <hr/>	<hr/> <hr/>

A deferred tax asset of £216,000 (2017: £nil) in respect of tax losses has not been recognised on the basis that there is uncertainty over the ability to recover its benefit.

No payment is received for group relief surrendered.

c) Deferred tax asset

	2018 £000	2017 £000
Attributable to employee benefits	2,372	3,037
	<hr/>	<hr/>
Tax Asset	2,372	3,037
	<hr/> <hr/>	<hr/> <hr/>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

7 Directors' emoluments

The emoluments of Mr J M Cornell, Mr A J Johnston, Mr P C Ralston and Mr R P Reed were paid by Goodman Real Estate Adviser (UK) Ltd, the emoluments of Mr M J O'Sullivan were paid by Goodman Property Services (Aust) Pty Limited and those of Mr C E Crossland by Goodman Logistics Developments (UK) Limited, all being fellow subsidiaries of Goodman Limited. Total directors' remuneration disclosures, as required by Company law, are included in the respective financial statements.

It is not considered appropriate, given that there is no sensible apportionment of their time, to allocate directors' remuneration to the Company. No portion of the costs has been recharged to the Company.

Notes (continued)

8 Particulars of staff

The average monthly number of persons employed by the Company during the year was as follows:

2018 No.	2017 No.
<u>2</u>	<u>2</u>

The aggregate payroll costs of these persons were borne by and disclosed in Goodman Real Estate Adviser (UK) Limited, a fellow Group company. The Company's directors were employed by Goodman Real Estate Adviser (UK) Ltd in the current or prior year.

9 Fixed asset investments

	Investment in subsidiaries £000	Other investments other than loans £000	Total £000
Cost			
At 1 July 2017	74,224	25,311	99,535
Additions in the year	32,328	-	32,328
	<u>106,552</u>	<u>25,311</u>	<u>131,863</u>
At 30 June 2018			
	<u>106,552</u>	<u>25,311</u>	<u>131,863</u>
Impairment			
At 1 July 2017	(43,603)	(25,311)	(68,914)
Charged in the year	(32,328)	-	(32,328)
Reversal of prior year impairment	15,000	-	15,000
	<u>(60,931)</u>	<u>(25,311)</u>	<u>(86,242)</u>
At 30 June 2018			
	<u>(60,931)</u>	<u>(25,311)</u>	<u>(86,242)</u>
Net book value at 30 June 2018	<u>45,621</u>	<u>-</u>	<u>45,621</u>
Net book value at 30 June 2017	<u>30,621</u>	<u>-</u>	<u>30,621</u>

The Company's other investments relate to a 15.54% (2017: 15.54%) holding in Goodman European Business Park Fund (Lux) S.à r.l. The company's subsidiary companies are disclosed in Note 15. Refer to Note 5 for details on the movements in Investments in subsidiaries during the year.

10 Investment properties

	2018 £000	2017 £000
At the start of the year	7,921	7,902
Additions	-	19
	<u>7,921</u>	<u>7,921</u>
At the end of the year		
	<u>7,921</u>	<u>7,921</u>

During the year ended 30 June 2016 the company purchased two properties in Bristol for £7,902,442. The directors consider the book value of these two properties at 30 June 2018 represents their fair value.

Notes (continued)

11 Debtors

	2018 £000	2017 £000
Amounts falling due within one year		
Trade debtors	-	-
Prepayments and accrued income	12	250
Other debtors	3,046	3,014
Amounts due from group companies	56,296	59,977
VAT	-	30
	<hr/>	<hr/>
Total debtors	59,354	63,271
	<hr/> <hr/>	<hr/> <hr/>

Amounts due from group companies include amounts payable of £51,478,000 (2017: £59,187,000) which are unsecured, interest free and repayable on demand, and an interest bearing loan of £4,970,000 (2017: £790,000) which is unsecured and repayable on demand.

12 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Amounts due to group companies	19,143	19,907
Accruals and deferred income	1,211	154
Other creditors	2,870	3,004
VAT	385	-
	<hr/>	<hr/>
Total creditors	23,609	23,065
	<hr/> <hr/>	<hr/> <hr/>

Amounts due to group companies are unsecured, interest free and repayable on demand.

13 Share capital

	2018		2017	
	No.	£	No.	£
Allotted and fully paid				
Ordinary shares of 25p	348,001,568	87,000,392	316,291,300	79,072,825
Non-voting ordinary shares of 25p	21,124,847	5,281,212	21,124,847	5,281,212
		<hr/>		<hr/>
		92,281,604		84,354,037
		<hr/> <hr/>		<hr/> <hr/>
At the beginning of the year		84,354,037		84,354,037
Share issued during the year		7,927,567		-
		<hr/>		<hr/>
At the end of the year		92,281,604		84,354,037
		<hr/> <hr/>		<hr/> <hr/>

Notes (continued)

14 Employee Benefits

	2018 £000	2017 £000
Net pension liability		
Defined benefit obligation	(56,929)	(62,140)
Plan assets	43,034	44,334
Net pension liability	(13,895)	(17,806)
Movements in the present value of the defined benefit obligation		
At the beginning of the year	(62,140)	(56,342)
Current service cost	(32)	(165)
Interest expense	(1,548)	(1,762)
Contributions by members	(5)	(16)
Actuarial gain/(loss)	3,904	(4,972)
Benefits paid	2,892	1,115
At the end of the year	(56,929)	(62,140)
Movement in the fair value of plan assets		
At the beginning of the year	44,334	37,224
Expected return on assets	1,120	1,171
Contributions by employer	1,560	1,072
Contributions by members	5	16
Actuarial gain/(loss)	(1,093)	5,966
Actuarial gain/(loss)	(2,892)	(1,115)
At the end of the year	43,034	44,334
Expense recognised in the profit and loss account		
Current service cost	32	165
Net interest on defined benefit liability	428	590
Total expense recognised in the profit and loss	460	755
Fair value of plan assets		
Bonds and Gilts	18,338	11,918
Cash	2,641	7,021
Property	2,962	2,973
Equity and growth assets	19,093	22,422
	43,034	44,334
Actual return on plan assets	27	7,127
Expected return on plan assets	2.65%	2.55%

Notes (continued)

14 Employee Benefits (continued)

Principal actuarial assumptions

Discount rate	2.65%	2.55%
Retail price inflation	3.20%	3.30%
Pension increases (capped at 2.5% pa)	2.30%	2.30%
Pension increases (capped at 5% pa)	3.20%	3.30%

Life Expectancy (at age 65)

Males born 1952/1951	21.8	22.0
Females born 1952/1951	23.7	24.0
Males born 1972/1971	22.9	23.3
Females born 1972/1971	24.9	25.5

The latest full actuarial valuation of the scheme was carried out at 1 September 2016 by a qualified independent actuary (2017: at 1 September 2013). The total market value of the scheme assets was £38,600,000 at 1 September 2016 (2017: £30,675,000). The present value of the scheme liabilities at 1 September 2016 was £63,400,000 (2017: £45,755,000). The total deficit in the scheme (before any related deferred tax asset) at 1 September 2016 was £24,800,000 (2017: £15,080,000).

15 Subsidiary entities

At 30 June 2018 the Company had the following subsidiaries: which have the same registered address as the Company:

Name	Country of registration	Share Class	Percentage of shares held
Goodman Operator (UK) Limited	United Kingdom	Ordinary	100
Property Management Employment Services Limited	United Kingdom	Ordinary	100
Goodman Logistics Management (UK) Limited	United Kingdom	Ordinary	100
Goodman Eastside Locks (UK) Ltd	United Kingdom	Ordinary	100
Goodman Bidco 3 (UK) Limited	United Kingdom	Ordinary	100
Goodman Real Estate Services (UK) Limited	United Kingdom	Ordinary	100

Property Management Employment Services Limited was dissolved on 14 August 2018.

16 Capital contribution

On 31 December 2018 the interest bearing loan payable to a fellow group company was acquired by another fellow group company, which subsequently forgave that loan in full. As a consequence of the loan forgiveness, the Company has recognised a credit of £22.3m as a capital contribution in reserves as at 31 December 2018. The balance of the loan forgiven was £2.1m at 30 June 2017. As part of this process two of the Company's subsidiaries, Goodman Eastside Locks (UK) Limited and Goodman Bidco 3 (UK) Limited, also recognised capital contributions of £3.0m and £15.2m respectively.

17 Events after the balance sheet date

On 14 August 2018 one of the Company's wholly owned subsidiaries, Property Management Employment Services Limited, was dissolved.

On 26 September 2018, the Company sold its two investment properties for a gross sales price of £9,000,000.

Notes *(continued)*

18 Ultimate parent

The immediate parent undertaking is Dollplace Limited, whose registered address is Nelson House, Central Boulevard, Blythe Valley Park, Solihull, West Midlands, B90 8BG.

The ultimate parent undertaking is Goodman Limited, a company domiciled in Australia, whose accounts consolidate the results of the Company and are available from Goodman Limited (Registered address: Level 17, 60 Castlereagh Street, Sydney NSW 2000). Goodman Limited is the smallest and largest group which includes the Company and for which consolidated financial statements are prepared.

This company's registered address is:

Nelson House
Central Boulevard
Blythe Valley Park
Solihull
West Midlands
B90 8BG