

25 MOORGATE LIMITED
REPORT AND FINANCIAL STATEMENTS
for the year ended
30 April 2018



25 Moorgate Limited

Contents

Report and financial statements for the year ended 30 April 2018

Strategic report	1
Directors' report	2-3
Independent auditors' report	4-5
Statement of comprehensive income	6
Balance sheet	7
Cash flow statement	8
Statement of changes in equity	9
Notes to the financial statements	10-20

25 Moorgate Limited

Strategic report

Business overview

The principal activity of 25 Moorgate Limited (the 'company') is property management.

The company holds the property leases of 25 Moorgate and 10 Moorgate - London, St Vincent Street - Glasgow, Colmore Row - Birmingham, Portwall Place - Bristol, Linenhall Street - Belfast, Old Library Chambers - Salisbury, Cumberland House - Southampton, Festival House - Cheltenham and Onslow Street - Guildford and provides property management services to other group companies.

Strategic objectives and key performance indicators

The company acts as a service company to other group companies and recharges all rent and other expenses to those companies. Therefore, an analysis of key performance indicators is not considered to be relevant for the company.

Financial review

Revenue for the year was £9,099,000 (2017: £8,124,000) whilst profit before tax was £235,000 (2017: £138,000). Operating profit margin for the company increased to 2.6% (2017: 1.7%).

Operating cash inflow before movements in operating assets and liabilities was £637,000 (2017: £455,000).

The overall effective tax rate for the year was 28.5% (2017: 47.8%), calculated as the tax charge in the financial statements of £67,000 (2017: £66,000) divided by the profit before tax of £235,000 (2017: £138,000). A full reconciliation is set out in note 6.

Principal risks and uncertainties

There has been a continued focus on developing Smith & Williamson Holdings Limited group's risk appetite statements and relevant management information to ensure that appetites set flow down the organisation and that risks are managed accordingly.

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group. Accordingly, the principal risks and uncertainties of the group, which include those of the company, are discussed in the Smith & Williamson Holdings Limited group's annual report and accounts which does not form part of this report. Details of the company's financial risks are included in note 19.

Corporate responsibility and environmental policy

The corporate responsibility and environmental policy of the company is as set out in the Smith & Williamson Holdings Limited group's annual report and accounts, which does not form part of this report.

Going concern

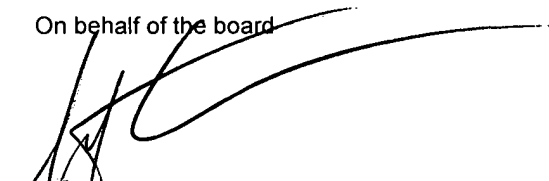
The company has adequate financial resources. As a consequence, the directors believe that the company is well placed to manage its financial risks successfully.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Events after the balance sheet date

There have been no material post balance sheet events.

On behalf of the board



G T Hotson
Director

30 July 2018

25 Moorgate Limited

Directors' report

The directors present their report on the affairs of the company, together with the audited financial statements for the year ended 30 April 2018.

Directors

The directors of the company are listed below. All of these directors served throughout the year under review and up to the point of signing the financial statements, except where noted.

D M Cobb

G T Hotson

N Medici (alternate to D M Cobb) (resigned 5 July 2018)

K P Stopps

Dividends

No interim dividend was paid during the year (2017: £nil). The directors do not recommend the payment of a final dividend (2017: £nil).

Indemnity

The directors have been covered by third party liability insurance throughout the year and the policy of insurance remains in force.

Future outlook

The directors remain cautious about the short-term outlook for the UK economy due to political and economic uncertainty, both in the UK and elsewhere. They will continue to invest in business development, sales and marketing activities to ensure that they are able to take full advantage of the future improvements in overall economic conditions.

In addition, the directors remain committed to progressing with planned investments to enhance and modernise IT infrastructure and systems.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report and 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and 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;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

25 Moorgate Limited

Directors' report (continued)

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the board



D A Saunders
Company Secretary
25 Moorgate,
London,
EC2R 6AY

30 July 2018

Independent auditors' report to the members of 25 Moorgate Limited

Report on the audit of the financial statements

Opinion

In our opinion, 25 Moorgate Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 April 2018; the statement of comprehensive income, the cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

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

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

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 30 April 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities set out on page 2 to 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Jennifer March (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 July 2018

25 Moorgate Limited

Statement of comprehensive income

for the year ended 30 April 2018

	Note	Year ended 30 April 2018 £'000	Year ended 30 April 2017 £'000
Revenue	3	9,099	8,124
Operating expenses	4	<u>(8,866)</u>	<u>(7,990)</u>
Operating profit		233	134
Interest income	5	<u>2</u>	<u>4</u>
Profit before tax		235	138
Taxation	6	<u>(67)</u>	<u>(66)</u>
Profit for the year		168	72
Total comprehensive income for the year		168	72

The accompanying notes to the financial statements on pages 10 to 20 form an integral part of the financial statements.

25 Moorgate Limited

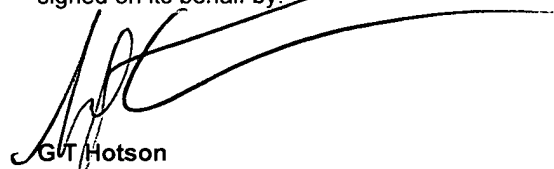
Balance sheet

as at 30 April 2018

	Note	As at 30 April 2018 £'000	As at 30 April 2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	7	1,087	1,405
Deferred tax assets	10	31	11
		<u>1,118</u>	<u>1,416</u>
Current assets			
Cash and cash equivalents	8	1,233	1,249
Prepayments, accrued income and other receivables	9	1,643	1,317
Current tax assets		-	163
		<u>2,876</u>	<u>2,729</u>
Total assets		<u>3,994</u>	<u>4,145</u>
Liabilities			
Non-current liabilities			
Accruals, deferred income, provisions and other payables	11	2,602	2,763
		<u>2,602</u>	<u>2,763</u>
Current liabilities			
Accruals, deferred income, provisions and other payables	11	578	793
Current tax liabilities		57	-
		<u>635</u>	<u>793</u>
Total liabilities		<u>3,237</u>	<u>3,556</u>
Net assets		<u>757</u>	<u>589</u>
Equity			
Share capital	12	-	-
Retained earnings		757	589
Total equity		<u>757</u>	<u>589</u>

The accompanying notes to the financial statements on pages 10 to 20 form an integral part of the financial statements.

The financial statements on pages 6 to 20 were approved by the board and authorised for issue on 30 July 2018 and signed on its behalf by:


G.T. Hotson
Director

Company Registration Number: 03685043

25 Moorgate Limited

Cash flow statement

for the year ended 30 April 2018

	Note	Year ended 30 April 2018 £'000	Year ended 30 April 2016 £'000
Cash flows from operating activities			
Profit before tax		235	138
Depreciation of property, plant and equipment	7	402	317
Operating cash flows before movements in operating assets and liabilities		637	455
Changes in operating assets and liabilities			
(Increase)/Decrease in prepayments, accrued income and other receivables		(326)	210
Increase in accruals, deferred income, provisions and other payables		(376)	(17)
Cash (used in)/generated from operations		(65)	648
Tax refund/(paid)		133	(122)
Net cash generated from operating activities		68	526
Cash flow from investing activities			
Purchase of property, plant and equipment	7	(84)	(948)
Net cash used in investing activities		(84)	(948)
Net decrease in cash and cash equivalents		(16)	(422)
Cash and cash equivalents at beginning of the year		1,249	1,671
Cash and cash equivalents at the end of the year	8	1,233	1,249

The accompanying notes to the financial statements on pages 10 to 20 form an integral part of the financial statements.

25 Moorgate Limited

Statement of changes in equity

for the year ended 30 April 2018

	Share capital £'000	Retained earnings £'000	Total equity £'000
Equity at 1 May 2016	-	517	517
Total comprehensive income for the year	-	72	72
Equity at 30 April 2017	-	589	589
Total comprehensive income for the year	-	168	168
Equity at 30 April 2018	-	757	757

The accompanying notes to the financial statements on pages 10 to 20 form an integral part of the financial statements.

25 Moorgate Limited

Notes to the financial statements

for the year ended 30 April 2018

1. Principal accounting policies

25 Moorgate Limited is a company incorporated and domiciled in England and Wales.

The financial statements have been prepared in accordance with IFRSs as adopted by the EU and interpretations issued by the IFRS Interpretations Committee (IFRS IC). The financial statements are also prepared in accordance with those parts of the Companies Act 2006 that remain applicable to companies reporting under IFRSs as adopted by the EU. The financial statements have been prepared under the historical cost basis. The accounting policies have been applied consistently.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations, which have not been applied in these financial statements, were in issue but not yet mandatorily effective for the company. The company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 Financial instruments

IFRS 9 is effective for financial years commencing on or after 1 January 2018. The first report and financial statements published in accordance with IFRS 9 will be the 30 April 2019 report. The company plans to adopt a retrospective approach from 1 May 2018, with the practical expedients permitted under the standard. Comparatives for 2018 will not be restated.

The new classification and measurement rules for financial assets under IFRS 9 have a limited impact on the company as the measurement basis is unchanged from that under IFRS 39. Cash and other receivables will be measured at amortised cost.

The classification and measurement of financial liabilities in accordance with IFRS 9 remains largely unchanged from IAS 39 and are classified as financial liabilities at amortised cost.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. Expected credit losses are to be recognised on all financial instruments within scope from when they are originated or purchased. Full lifetime expected credit losses are recognised when a financial instrument deteriorates significantly in credit quality. Due to the short duration and high credit quality of the company's financial assets and the high level of collateralisation, expected credit losses are expected to be immaterial (impact is less than 0.2% of total equity).

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the company's disclosures about its financial instruments.

IFRS 15 Revenue from contracts with customers

IFRS 15 is effective for financial years commencing on or after 1 January 2018. The first report and financial statements published in accordance with IFRS 15 will be the 30 April 2019 report. The company plans to adopt a modified retrospective approach from 1 May 2018. Comparatives for 2018 will not be restated.

The core principle of IFRS 15 is for entities to recognise revenue to depict the transfer of goods and services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. A five-step model is applied to determine when to recognise revenue, and at what amount.

Management has reviewed the terms and conditions of customer contracts across multiple business lines in order to determine, using the five-step model, the company's performance obligation and the associated timing of each performance obligation. This review concluded that, while the basis of assessing revenue recognition is different to that used under IAS 18, the recognition point and measurement will be consistent.

Based on management's assessment, the implementation of this standard is not expected to have an impact on the company's reported financial position or performance or require any operational changes to the way that revenue is captured in source systems. However, it will result in expanded disclosures in the company's financial statements.

IFRS 16 Leases

IFRS 16 is effective for financial years commencing on or after 1 January 2019. The first report and financial statements published in accordance with IFRS 16 will be the 30 April 2020 report. The company plans to adopt a modified retrospective approach from 1 May 2019. Comparatives for 2019 will not be restated.

IFRS 16 eliminates the classification of leases as either operating leases or finance leases. Instead, any leases with more than 12 months' term are recognised as an asset with the related future lease obligations shown as a liability.

25 Moorgate Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

Lessees initially recognise a right-of-use asset and lease liability based on the discounted payments required under the lease, taking into account the lease term (determined as the non-cancellable period for which the lessee has the right to use an asset including optional periods when an entity is reasonably certain to exercise the option to extend).

Initial direct costs and restoration costs are included in the asset cost.

The discount rate is the rate implicit in the lease, unless this cannot readily be determined, in which case the lessee's incremental rate of borrowing (the rate a lessee would pay if, instead of leasing, they financed the purchase of the asset) is used instead.

The lease liability is increased to reflect interest and reduced for lease payments made. The asset is depreciated in accordance with IAS 16 Property, Plant and Equipment.

As a result, the depreciation and interest charges will replace the lease cost currently charged to the income statement on a straight line basis. This will result in a change in the profile of the charge taken in the income statement over the lease with higher costs taken in earlier years and a reduction in expenses in later years.

Based on management's assessment, on initial application the new standard will have a substantial impact on the company's balance sheet materially grossing up assets and liabilities by an equal and opposite amount of approximately £19.6 million. However, the standard is not expected to materially affect the company income statement with an estimated maximum annual impact of £0.3 million in the year of adoption from a change in the profile of the charge taken to the income statement over the life of the lease. It will also result in expanded disclosures in the company's financial statements.

Going concern

Reference to the company's ability to continue as a going concern is included in the strategic report.

Income recognition

Income is recognised at the fair value of the consideration received or receivable. The point at which revenue is recognised is described below.

Rent

Rental income from other group entities is credited to the income statement on a straight-line basis over the full lease term. Operating lease incentives received are recognised as a reduction in the rental expense over the lease term.

Net interest income

Interest income or expense from interest-bearing financial instruments, except those classified as held for trading, is calculated using the effective interest method and recognised within net interest income.

The effective interest method is the method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income receivable (or expense payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment. In calculating effective interest, the company estimates cash flows considering all contractual terms of the financial instrument but excluding future credit losses.

Taxation

The tax expense represents the sum of tax currently payable and deferred tax.

Tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax liabilities are recognised for taxable temporary differences

25 Moorgate Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

arising on investments in subsidiaries and associates except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, provided these rates are enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case it is dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset into use.

Depreciation is calculated on a straight-line basis to write down the assets less any estimated residual value by equal instalments over their estimated useful economic lives as follows:

Asset type	Term of depreciation
Freehold and long leasehold property	40 years
Short leasehold property	the earlier of 10 years and life of lease

The residual values and useful economic lives of all property, plant and equipment are reviewed and adjusted if appropriate, at the end of each financial year. Major renovations are depreciated over the remaining useful life of the related asset or to the date of the next major renovation, whichever is sooner.

Gains and losses on disposals are calculated by comparing sale proceeds with carrying amounts and are included in the income statement.

Impairment of property, plant and equipment

At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The carrying values of property, plant and equipment is measured at amortised cost and is reviewed for impairment only when events indicate that the carrying value may be impaired.

The recoverable amount is the higher of the fair value less cost to sell and the value in use. In determining an asset's value in use estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects a current market assessment of the time value of money and risks specific to the asset that have not already been included in the estimate of future cash flows.

An impairment loss is recognised to the extent that the carrying value exceeds the recoverable amount.

Cash and cash equivalents

For the purpose of preparation of the cash flow statement, cash and cash equivalents include cash at bank and in hand and short-term deposits with an original maturity period of three months or less. Bank overdrafts that are an integral part of the company's cash management are included in cash and cash equivalents where they have a legal right of set-off against positive cash balances and an intention to settle on a net basis, otherwise bank overdrafts are classified as borrowings.

Financial instruments

Financial assets and liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. They are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

25 Moorgate Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

Financial assets

The company has one type of financial asset, being receivables. The classification of financial assets is determined at initial recognition.

Receivables

Receivables are carried at amortised cost using the effective interest method, less any impairment recognised to reflect irrecoverable amounts. Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where there is no intention of trading in those instruments.

Financial liabilities

Financial liabilities are initially recognised at fair value and classified as fair value through profit and loss (if designated as such or held for trading) or at amortised cost.

The company has not designated any liabilities as fair value through profit and loss and holds no liabilities as held for trading.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the full lease term. Operating lease incentives are recognised as a reduction in the rental expense over the lease term.

Provisions

Provisions are recognised when the company has a present legal or constructive obligation which, as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are recognised for future committed property lease payments when the company receives no benefit from the property through continuing usage and future receipts from any sub-letting arrangements are less than the company's future committed payments.

Provisions are measured at the present value of the directors' best estimate of the expenditure required to settle the present obligation at the balance sheet date.

The company provides for dilapidation costs following advice from chartered surveyors and previous experience of exit costs. The estimated cost of fulfilling the leasehold dilapidation obligations is recognised on our leasehold properties over the remaining five to seven years of the lease term.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2. Critical accounting judgements and key sources of estimation uncertainty

The company makes estimates and assumptions that could affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. Revenue

	2018	2017
	£'000	£'000
Rental income	8,699	7,806
Other fee income	400	318
	<u>9,099</u>	<u>8,124</u>

25 Moorgate Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

4. Operating expenses

	2018	2017
	£'000	£'000
Depreciation of property, plant and equipment	402	317
Operating lease expense	5,376	5,068
Other occupancy costs	3,084	2,598
Auditors' remuneration for the audit of the company's financial statements	4	7
	<u>8,866</u>	<u>7,990</u>

5. Investment revenue

	2018	2017
	£'000	£'000
Interest from cash and short term funds	<u>2</u>	<u>4</u>

6. Taxation

	2018	2017
	£'000	£'000
Current tax	87	66
Deferred tax (note 10)	(20)	-
	<u>67</u>	<u>66</u>

UK corporation tax is calculated at 19.0% (2017: 19.9%) of the estimated assessable profit for the year.

The tax on the company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

	2018	2017
	£'000	£'000
Profit before tax	<u>235</u>	<u>138</u>
Tax calculated at UK tax rate 19.0% (2017: 19.9%)	45	27
Depreciation in excess of capital allowances	20	39
Other movements	2	-
	<u>67</u>	<u>66</u>

25 Moorgate Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

7. Property, plant and equipment

	Leasehold property improvement £'000
Cost	
At 1 May 2016	7,999
Additions	948
At 30 April 2017	8,947
Additions	84
At 30 April 2018	9,031
Accumulated depreciation	
At 1 May 2016	7,225
Charge for the year	317
At 30 April 2017	7,542
Charge for the year	402
At 30 April 2018	7,944
Net book value	
At 30 April 2018	1,087
At 30 April 2017	1,405

There was no impairment of property, plant and equipment recognised during the year.

8. Cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank	1,233	1,249

9. Prepayments, accrued income and other receivables

	2018 £'000	2017 £'000
Other receivables	370	297
Amount due from group companies	1,028	817
Prepayments and accrued income	245	203
	1,643	1,317

25 Moorgate Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

10. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the company, and the movements thereon, during the current and prior reporting periods.

	Temporary timing differences £'000
At 1 May 2016	11
Effect of change in tax rate to the income statement	(1)
Credit to income statement for the year	1
At 30 April 2017	11
Credit to income statement for the year	20
At 30 April 2018	31

	2018 £'000	2017 £'000
Deferred tax asset	31	11

11. Accruals, deferred income, provisions and other payables

	2018 £'000	2017 £'000
Fees in advance	8	4
Accruals	485	611
Other payables	85	90
Provisions for liabilities (see below)	-	88
Current liabilities	578	793
Accruals	1,849	2,239
Provisions for liabilities (see below)	753	524
Non-current liabilities	2,602	2,763

Provisions for liabilities comprise the following:

	Dilapidations provision £'000	Onerous lease provision £'000	Total £'000
At 1 May 2016	353	169	522
Charged to income statement	200	-	200
Used during the year	-	(110)	(110)
At 30 April 2017	553	59	612
Charged to income statement	229	(34)	195
Used during the year	(29)	(25)	(54)
At 30 April 2018	753	-	753

25 Moorgate Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

12. Share capital

	Authorised		Allotted and fully paid	
	Ordinary shares of £1 each		Ordinary shares of £1 each	
	Number	£'000	Number	£'000
At 30 April 2017	1,000	1	2	-
At 30 April 2018	1,000	1	2	-

The company has one class of ordinary shares. All issued shares are fully paid.

13. Operating leases

At the balance sheet date, the company had outstanding obligations under non-cancellable operating leases that fall due as follows:

	2018	2017
	£'000	£'000
Within one year	6,166	5,817
In the second year to fifth year inclusive	21,832	23,334
After five years	4,913	5,582
	<u>32,911</u>	<u>34,733</u>

Operating lease payments represent rentals payable by the company for certain office properties. Total future committed external sub-lease payments receivable relating to the above operating leases amounted to £603,209 (2017: £75,135).

14. Contingent liabilities and commitments

The company had no contingent liabilities at 30 April 2018 (2017: £nil).

The company is from time to time involved in legal actions that are incidental to its operations. Currently the company is not involved in any legal actions that would significantly affect the financial position or profitability of the company.

15. Events after the balance sheet date

There have been no material post balance sheet events.

16. Related party transactions

During the course of the year, the company was charged by, or charged to, other companies of the group in respect of property related and other overhead costs.

During the year transactions between the company and other group companies were as follows:

	2018	2017
	£'000	£'000
Intercompany charges receivable from group companies	<u>8,915</u>	<u>8,014</u>

At the balance sheet date, the amounts due from other group companies were as follows:

	2018	2017
	£'000	£'000
Smith & Williamson Investment Services Limited	<u>1,028</u>	<u>817</u>
Total amount due from group companies	<u>1,028</u>	<u>817</u>

25 Moorgate Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

17. Directors' remuneration

The total emoluments from group companies of those directors whose executive services were provided to the company during the year ended 30 April were as follows;

	2018	2017
	£'000	£'000
Salaries and other emoluments	3,095	3,275
Pension scheme contributions	-	2
Total emoluments	3,095	3,277

	2018	2017
	£'000	£'000
The highest paid director received the following remuneration:		
Salaries and other emoluments	1,098	1,089
Total emoluments	1,098	1,089

The directors are also directors of other group companies. It is not practicable to allocate their total remuneration between their services as executives to this company or other group companies, and no such allocation has been attempted.

There are no key management personnel other than the directors.

18. Capital management

Accounting capital is defined as the total of share capital, share premium, retained earnings and other reserves. Total capital at 30 April 2018 was £757,000 (2017: £589,000).

The company's objectives when managing capital are to:

- safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for its other stakeholders; and
- maintain a strong capital base to support the future strategy and development of the business.

19. Financial risk management

The company has a formal structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures.

The company does not use derivative financial instruments for risk management purposes.

a) Categories of financial instruments

The company has one type of financial asset and financial liability, as described in the accounting policies note 1, therefore no analysis has been prepared.

b) Strategy in using financial instruments

The company does not trade financial instruments for its own account.

c) Credit risk

The primary source of credit risk arises from placing funds with banks. It is the company's policy to place funds with high quality financial institutions approved by the board.

Maximum exposure to credit risk

The table below represents the company's on-balance sheet credit risk exposure at 30 April. For accrued income and other receivables, the amount stated is after any provisions for impairment.

25 Moorgate Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

	2018	2017
	£'000	£'000
Credit risk relating to on-balance sheet exposures:		
Cash and cash equivalents	1,233	1,249
Accrued income and other receivables	1,398	1,114
Total credit risk	2,631	2,363

There are no loans and receivables past due but not impaired.

d) Liquidity risk

Liquidity risk is the risk that the company is unable to meet its obligations as they fall due. The company operates strict criteria for counterparties and as a result is not exposed to any significant liquidity risk.

Cash flows

The table below analyses financial assets and liabilities of the company on an undiscounted future cash flow basis according to the contractual maturity into relevant maturity groupings based upon the remaining period at the balance sheet date. Balances with no fixed maturity are included in the 'over 5 years' category. Included within the 'under 1 month' category, are amounts that are either repayable on demand or which have no contractual maturity.

At 30 April 2018	under 1 month £'000	1 to 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	over 5 years £'000	Total £'000
Assets						
Cash and cash equivalents	1,233	-	-	-	-	1,233
Accrued income and other receivables	1,036	362	-	-	-	1,398
Total	2,269	362	-	-	-	2,631
Liabilities						
Accruals, provisions and other payables	47	84	361	2,352	250	3,094
Total	47	84	361	2,352	250	3,094
Net liquidity gap	2,222	278	(361)	(2,352)	(250)	(463)
At 30 April 2017	under 1 month £'000	1 to 3 months £'000	3 to 12 months £'000	1 to 5 years £'000	over 5 years £'000	Total £'000
Assets						
Cash and cash equivalents	1,249	-	-	-	-	1,249
Accrued income and other receivables	1,114	-	-	-	-	1,114
Total	2,363	-	-	-	-	2,363
Liabilities						
Accruals, provisions and other payables	184	84	436	1,919	843	3,466
Total	184	84	436	1,919	843	3,466
Net liquidity gap	2,179	(84)	(436)	(1,919)	(843)	(1,103)

e) Market risk

Interest rate risk

The company has no significant interest rate risk.

25 Moorgate Limited

Notes to the financial statements (continued)

for the year ended 30 April 2018

Foreign exchange risk

The company has no significant foreign exchange risk.

20. Ultimate controlling party

At 30 April 2018, the company's immediate parent company was Smith & Williamson Group Holdings Limited.

The company's ultimate parent undertaking and controlling party is Smith & Williamson Holdings Limited, a company incorporated and domiciled in England and Wales. Smith & Williamson Holdings Limited is the parent undertaking of the largest and smallest group of undertakings for which consolidated financial statements are drawn up and of which the company is a member.

Copies of the group financial statements, which include the results of the company, are available from the Company Secretary, Smith & Williamson Holdings Limited, 25 Moorgate, London EC2R 6AY.