

Company Number: 07640912 (England & Wales)

INNOVATION CITY (LONDON) LIMITED

**DIRECTORS' REPORT AND
AUDITED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2018



INNOVATION CITY (LONDON) LIMITED

Contents

	Page
Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 - 7
Income Statement	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 19

INNOVATION CITY (LONDON) LIMITED

Company Information

Directors	DV4 Administration Limited P J Goswell J W J Ritblat T Haden-Scott
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Company number	07640912
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Registered office	6th Floor Lansdowne House Berkeley Square London W1J 6ER
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Auditor	Ernst & Young LLP 1 More London Place London SE1 2AF
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INNOVATION CITY (LONDON) LIMITED

Strategic Report

The directors present their strategic report for the year ended 31 March 2018.

Principal activities

The principal activity of the Company is the development of property for investment purposes.

During the year the Company incurred costs of £1.3m (2017: £10m) in relation to the development of the former Broadcast Centre and Press Centre at Queen Elizabeth Olympic Park in London, largely as a result of the additional works being carried out on the Gantry area of the investment property. These were mainly financed by drawing down on the bank loan. Turnover for the year includes rent of £12m (2017: £13m).

Results and dividends

The loss for the year amounted to £9,352,741 (2017: £2,031,826).

The directors are unable to recommend payment of an ordinary dividend (2017: £nil).

The Company's key performance indicators are:

	31 March 2018	31 March 2017
	£	£
Loss for the year	(9,352,741)	(2,031,826)
Net assets	88,773,266	98,126,007

Principal risks and uncertainties

The Company's strategic aim is to create an innovation and enterprise centre on the Queen Elizabeth Olympic Park. The principal risks and uncertainties on the project relate to the successful letting of the space. These continuing risks are mitigated by the experience of the property advisors, the significant level of pre-lets and the quality of the asset.

The Company has treasury and liquidity management procedures in place appropriate to the size and complexity of the business. The Company has bank borrowings, the interest of which is linked to LIBOR. The Company has entered into an interest rate swap agreement in relation to its bank borrowings, to mitigate the interest rate risk.

The Company has no exposure to exchange rate risk and has not entered into any foreign currency hedging arrangements.

On behalf of the board



DV4 Administration Limited
Director

ANDREW PARSONS, FOR AND ON BEHALF OF

Date: 25 Sep 2018

INNOVATION CITY (LONDON) LIMITED

Directors' Report

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

Directors

The following directors held office during the year:

DV4 Administration Limited

P J Goswell

J W J Ritblat

T Haden-Scott

C B Wagman (resigned 29 March 2018)

Going concern

The financial statements have been prepared on a going concern basis, although the Company has net current liabilities. The ultimate parent undertaking has indicated its willingness to provide support to the Company for at least one year after the date of signing the accounts to meet its liabilities as they fall due.

Future developments and post balance sheet events

In the post year end period the Company subscribed to deep discount bonds held by DV4 Properties iCity Co. Limited, the immediate parent undertaking. The deep discount bonds held by DV4 Properties iCity Co. Limited at the year end were redeemed upon this subscription.

Financial instruments

Please refer to the strategic report for an assessment of the risks associated with the Company's financial instruments.

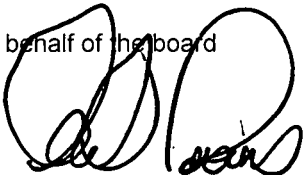
Disclosure of information to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that they are obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General meeting for reappointment of Ernst & Young LLP as auditor of the Company.

On behalf of the board



ANDREW PARSONS, FOR AND ON BEHALF OF

DV4 Administration Limited
Director

Date: 25 Sep 2018

INNOVATION CITY (LONDON) LIMITED

Statement of Directors' Responsibilities

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing those 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;
- 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.

INNOVATION CITY (LONDON) LIMITED

Independent Auditor's Report To The Members of Innovation City (London) Limited

Opinion

We have audited the financial statements of Innovation City (London) Limited for the year ended 31 March 2018 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements;

- give a true and fair view of the state of the Company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

INNOVATION CITY (LONDON) LIMITED

Independent Auditor's Report To The Members of Innovation City (London) Limited (continued)

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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.

INNOVATION CITY (LONDON) LIMITED

Independent Auditor's Report To The Members of Innovation City (London) Limited (continued)

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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.

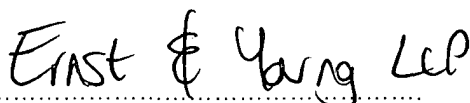
Auditors' responsibilities for the audit of the financial statements

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 auditor's 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in 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.



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Daniel Saunders (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

26 SEP 2018
Date:

INNOVATION CITY (LONDON) LIMITED**Company Number: 07640912****Income Statement****For the year ended 31 March 2018**

	Notes	2018 £	2017 £
Turnover		17,818,997	14,903,018
Cost of sales		(12,970,639)	(7,445,606)
Gross profit		4,848,358	7,457,412
Administrative expenses		(4,862,516)	(2,842,018)
Valuation gains from property	6	8,764,742	5,032,992
Operating profit	2	8,750,584	9,648,386
Other interest receivable and similar income	3	7,110	384,034
Fair value movement on interest rate swap		1,390,861	-
Interest payable and similar charges	4	(20,161,101)	(15,516,134)
Loss on ordinary activities before taxation		(10,012,546)	(5,483,714)
Taxation	5	659,805	3,451,888
Loss for the year		(9,352,741)	(2,031,826)

INNOVATION CITY (LONDON) LIMITED


Company Number: 07640912

Statement of Financial Position

As at 31 March 2018

	Notes	2018 £	2017 £
Fixed assets			
Investment property	6	273,825,243	268,239,601
Current assets			
Debtors	7	33,274,011	25,011,858
Cash at bank and in hand	8	2,475,613	749,356
		<u>35,749,624</u>	<u>25,761,214</u>
Creditors: amounts falling due within one year	9	(96,751,620)	(82,723,552)
Net current liabilities		<u>(61,001,996)</u>	<u>(56,962,338)</u>
Creditors: amounts falling due after one year	10	(117,709,786)	(106,151,256)
Deferred tax liability	11	(6,340,195)	(7,000,000)
Net assets		<u>88,773,266</u>	<u>98,126,007</u>
Capital and reserves			
Called up share capital	12	1,000	1,000
Profit and loss reserve		88,772,266	98,125,007
Shareholder's funds		<u>88,773,266</u>	<u>98,126,007</u>

The financial statements were approved and authorised for issue by the board on 25 Sep 2018


 DV4 Administration Limited
 Director

ANDREW PARSONS, FOR AND ON BEHALF OF

The notes on pages 12 to 19 form part of these financial statements.

INNOVATION CITY (LONDON) LIMITED

Company Number: 07640912

Statement of Changes in Equity

For the year ended 31 March 2018

	Called up share capital £	Profit and loss reserve £	Total equity £
At 1 April 2016	1,000	100,156,833	100,157,833
Loss for the year	-	(2,031,826)	(2,031,826)
At 1 April 2017	<u>1,000</u>	<u>98,125,007</u>	<u>98,126,007</u>
Loss for the year	-	(9,352,741)	(9,352,741)
At 31 March 2018	<u>1,000</u>	<u>88,772,266</u>	<u>88,773,266</u>

INNOVATION CITY (LONDON) LIMITED

Company Number: 07640912

Statement of Cash Flows

For the year ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Loss for the year	(9,352,741)	(2,031,826)
Adjustments for:		
Interest payable	20,161,101	15,516,134
Interest receivable	(7,110)	(384,034)
Deferred tax	(659,805)	(3,451,888)
Increase in debtors	(11,438,522)	(10,519,187)
Increase/(decrease) in creditors	2,518,372	(7,368,667)
Net fair value gains	(10,155,603)	(5,032,992)
Net cash used in operating activities	(8,934,308)	(13,272,460)
Cash flows from investing activities		
Investment property additions	(3,026,618)	(7,836,070)
Repayment of intercompany loans	550,000	2,850,000
Interest received	8,524,340	339
Net cash generated from/(used in) investing activities	6,047,722	(4,985,731)
Cash flows from financing activities		
Repayment of loans and borrowings	(172,580,706)	(69,951,911)
New loans obtained during the year	195,872,885	95,132,674
Interest paid	(18,679,336)	(8,437,097)
Net cash generated from financing activities	4,612,843	16,743,666
Net increase/(decrease) in cash and cash equivalents	1,726,257	(1,514,525)
Cash and cash equivalents at beginning of year	749,356	2,263,881
Cash and cash equivalents at end of year	2,475,613	749,356

INNOVATION CITY (LONDON) LIMITED

Notes to the Financial Statements For the year ended 31 March 2018

1.1 Basis of preparation

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

1.2 Accounting convention

The financial statements are prepared under the historical cost convention, except for the revaluation of investment properties.

1.3 Going concern

The financial statements are prepared on a going concern basis, although the Company has net current liabilities. The ultimate parent undertaking has indicated its willingness to provide support to the Company for at least one year after the date of signing the accounts to meet its liabilities as they fall due.

1.4 Turnover

Turnover comprises service charges and rent received from properties and is recognised on a straight-line basis over the lease term. All turnover arises in the UK. Lease incentives are recognised over the lease term on a straight line basis.

1.5 Taxation

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

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total profit that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

1.6 Investment properties

Investment properties are revalued annually on an open market basis by the directors, having had reference to valuations carried out by appropriately qualified independent valuers. Any revaluation surplus or deficit arising is recognised in the Income Statement. No depreciation or amortisation is provided in respect of investment properties.

1.7 Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Income Statement under other operating expenses.

1.8 Interest rate swaps

Interest rate swaps are measured at fair value, with any fair value gains or losses arising recognised in the Income Statement.

1.9 Bank loans

Bank loans are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

INNOVATION CITY (LONDON) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2018

1.10 Loan notes

Loan notes are initially recorded at the present value of future payments, discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Loan notes that are receivable within one year are not discounted.

1.11 Significant accounting estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Valuation of property

The fair value of investment property (Note 6) is determined by professional external valuers using recognised valuation techniques.

The determination of the fair value of investment property requires the use of estimates such as future cash flows from the asset (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and the discount rates applicable to the asset. Future revenue streams, inter alia, comprise contracted rent (passing rent) and estimated rental income (ERV) after the contract period. In estimating ERV, the potential impact of future lease incentives to be granted to secure new contracts is taken into consideration. All these estimates are based on local market conditions existing at the reporting date.

2 Operating profit

Operating profit is stated after charging an audit fee of £14,950 (2017: £15,850).

3 Other interest receivable and similar income

	2018	2017
	£	£
Interest on amounts due from parent undertakings	6,575	383,695
Other interest receivable	535	339
	<u>7,110</u>	<u>384,034</u>

4 Interest payable and similar charges

	2018	2017
	£	£
Unwinding of discount on deep discount bonds	9,384,805	8,973,150
Interest on bank loan	6,539,140	5,393,931
Commitment fees and amortisation of finance costs	1,914,904	1,149,053
Loan cancellation costs	2,322,252	-
	<u>20,161,101</u>	<u>15,516,134</u>

INNOVATION CITY (LONDON) LIMITED

Notes to the Financial Statements (continued) **For the year ended 31 March 2018**

5 Taxation

	2018 £	2017 £
(a) Analysis of tax charge on loss on ordinary activities		
Current tax		
UK corporation tax	-	-
Current tax charge	-	-
Deferred tax		
Origination and reversal of timing differences	(659,805)	(3,451,888)
Total deferred tax charge credit	(659,805)	(3,451,888)
Tax on profit on ordinary activities	(659,805)	(3,451,888)
(b) Factors affecting the total tax charge for the year		
Loss on ordinary activities before taxation	(10,012,546)	(5,483,714)
Loss on ordinary activities before taxation multiplied by the main rate of UK corporation tax of 19% (2017: 20%)	(1,902,384)	(1,096,743)
Effects of:		
Non deductible expenses	1,344,818	-
Group relief surrendered	125,960	-
Movement in deductions in respect of capitalised expenditure	(1,020,343)	(1,938,996)
Restriction on brought forward losses	833,417	-
Effect of different rates of tax	(41,273)	(416,149)
Total tax credit	(659,805)	(3,451,888)

The Finance (No.2) Act 2015 was enacted on 18 November 2015, which introduced a reduction in the headline rate of corporation tax from 20% to 19% from 1 April 2017. The Finance Act 2016 was enacted on 15 September 2016, and introduced a further reduction of the headline rate of corporation tax to 17% from 1 April 2020, therefore deferred tax is calculated at 17% (2017: 17%).

INNOVATION CITY (LONDON) LIMITED

Notes to the Financial Statements (continued) **For the year ended 31 March 2018**

5 Taxation (continued)

Deferred tax liability

The deferred tax liability is included in the Balance Sheet is as follows:

	2018	2017
	£	£
Deferred tax liability brought forward	7,000,000	10,451,888
Deferred tax credited to the Income Statement	(659,805)	(3,451,888)
Deferred tax liability carried forward	<u>6,340,195</u>	<u>7,000,000</u>

The deferred tax liability comprises:

	2018	2017
	£	£
Revaluation of investment property to fair value	24,019,550	22,340,000
Unutilised losses and other temporary differences	(6,990,461)	(4,340,000)
Other tax credits	(10,688,894)	(11,000,000)
Closing balance (note 11)	<u>6,340,195</u>	<u>7,000,000</u>

6 Investment property

	£
At 1 April 2017	268,239,601
Additions	1,320,900
Recognition of lease incentive	(4,500,000)
Revaluation	8,764,742
At 31 March 2018	<u>273,825,243</u>

Reconciliation of fair value at 31 March 2018

Fair value	300,200,000
Lease incentives	(26,374,757)
Net book value	<u>273,825,243</u>

Reconciliation of fair value at 31 March 2017

Fair value	281,150,000
Lease incentives	(12,910,399)
Net book value	<u>268,239,601</u>

Additions for the year include £nil (2017: £1,996,068) of capitalised borrowing costs.

INNOVATION CITY (LONDON) LIMITED

Notes to the Financial Statements (continued) For the year ended 31 March 2018

6 Investment property (continued)

Valuation methodology

The valuations were undertaken in accordance with RICS Valuation Standards, Sixth Edition in the United Kingdom by CB Richard Ellis, who are qualified for the purpose of the valuation in accordance with the RICS valuation standard.

The most recent valuation of the Company's property was at 31 March 2018, based on the following:

- information provided by management including confidential rent rolls, expected vacancy, break options, expiry dates, lease incentives, service charges, capital expenditure, costs to complete and expected rental income on unlet units; and
- market assumptions derived from their own independent assessment and market observations.

Key unobservable inputs into valuation are the expected rental income and the equivalent yields and cost per square foot.

7 Debtors	2018 £	2017 £
Amounts falling due within one year		
Amounts due from parent undertakings	-	9,067,230
Other taxes	515,740	78,623
Prepayments and accrued income	27,444,646	15,035,501
Trade debtors	3,912,414	821,154
Other debtors	10,350	9,350
Derivatives financial instruments	1,390,861	-
	33,274,011	25,011,858

The amount due from parent undertakings comprises a balance of £nil (2017: £550,000) that is repayable on demand and bears interest at 12%, together with the accrued interest of £nil (2017: £8,517,230) on that balance.

8 Cash at bank and in hand

Cash at bank and in hand includes an amount of £2,112,962 (2017: £nil), which is not freely available for use by the Company, being restricted to net landlord void costs and capital expenditure on the Gantry area of the investment property.

INNOVATION CITY (LONDON) LIMITED

Notes to the Financial Statements (continued) **For the year ended 31 March 2018**

9 Creditors: amounts falling due within one year	2018	2017
	£	£
Amounts due to parent undertakings	9,826,110	-
Deep discount bonds	80,225,808	79,364,808
Other creditors	877,701	163,612
Trade creditors	3,406,486	2,183,073
Accruals and deferred income	2,415,515	1,012,059
	96,751,620	82,723,552

The deep discount bonds are held by parent undertakings. The subscription price was £72,025,423 and they were issued on 10 May 2017. The unwinding of the discount during the year ended 31 March 2018 amounted to £8,200,385 (2017: £8,973,150). The deep discount bonds are secured by way of fixed and floating charges over the assets of the Company.

In the post year end period, the Company subscribed to deep discount bonds held by parent undertakings. The subscription price was £81,206,836, they were issued on 9 May 2018 and they are redeemable on 8 May 2019 at £91,558,646. The existing deep discount bonds held by parent undertakings were redeemed upon this subscription.

The amounts due to parent undertakings is repayable on demand and bears no interest.

10 Creditors: amounts falling due after one year	2018	2017
	£	£
Bank loans	119,744,393	107,211,789
Less: unamortised finance costs	(2,034,607)	(1,060,533)
	117,709,786	106,151,256

The bank loan is repayable in May 2022 and bears interest at LIBOR plus 4.5%. It is secured by way of fixed and floating charges over the assets of the Company. The Company has entered into an interest rate swap agreement on £114.5m of the bank loan, swapping the variable LIBOR interest rate for a fixed interest rate of 0.95%.

11 Deferred tax liability	2018	2017
	£	£
Deferred taxation (note 5)	6,340,195	7,000,000

INNOVATION CITY (LONDON) LIMITED

Notes to the Financial Statements (continued) **For the year ended 31 March 2018**

12 Share capital

	2018 £	2017 £
Authorised		
100,000 ordinary shares of £0.01 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100,000 ordinary shares of £0.01 each	<u>1,000</u>	<u>1,000</u>

13 Employees

The average monthly number of employees during the year was:

	2018 Number	2017 Number
Administrative	<u>-</u>	<u>5</u>

On 1 December 2016 the employees were transferred under TUPE to Here East Management Limited. The Company had no employees at 31 March 2018.

The directors did not receive emoluments or fees from the Company for their duties as directors during the current year (2017: £nil).

14 Future minimum lease receipts due under non-cancellable operating leases

The future minimum lease receipts are as follows:

	2018 £	2017 £
Due not later than one year	6,889,070	2,486,864
Later than one year and not later than five years	46,808,707	33,499,953
Later than five years	218,370,040	199,457,250
	<u>272,067,817</u>	<u>235,444,067</u>

15 Financial instruments

	2018 £	2017 £
Financial assets measured at fair value through profit and loss	1,390,861	-
Financial assets measured at amortised cost	30,586,482	24,553,770
	<u>31,977,343</u>	<u>24,553,770</u>
Financial liabilities measured at amortised cost	<u>(215,690,501)</u>	<u>(189,357,958)</u>

INNOVATION CITY (LONDON) LIMITED

Notes to the Financial Statements (continued) **For the year ended 31 March 2018**

16 Related party transactions

During the year, the Company received £800,264 (2017: £nil) of rental, insurance and service charge income from a company under common control and received £10,971 (2017: £19,180) of net rental income on its behalf. As at 31 March 2018, the balance due to the company under common control is £30,151 (2017: £30,725). During the year the Company incurred expenditure of £1,043,874 (2017: £183,527) for management charges from and paid expenses of £22,995 (2017: £nil) on behalf of a company under common control. As at 31 March 2018, the balance due to the company under common control is £10,062 (2017: £25,974). Key management personnel compensation for the year, paid by a company under common control and recharged by way of management charges from December 2016, totalled £668,938 (2017: £311,666).

17 Controlling party and parent undertaking

The Company's immediate parent undertaking is DV4 Properties iCity Co. Limited and the Company's ultimate parent undertaking and controlling party is DV4 Limited. DV4 Properties iCity Co. Limited and DV4 Limited are registered and incorporated in the British Virgin Islands. DV4 Limited is the parent Company of the largest group and the smallest group of which the Company is a member and for which group financial statements are prepared.

18 Capital commitments

At the date of the Statement of Financial Position the Company had identified capital commitments amounting to £0.6m (2017: £2.0m).