Annual Report & Accounts 2016

Contents

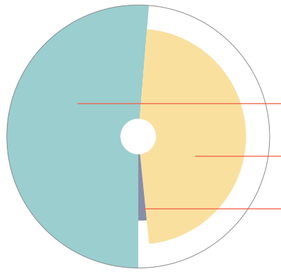
Quay Shopping Centre, Connah's Quay, Flintshire

LCP annual report & accounts for the year ended 31 March 2016

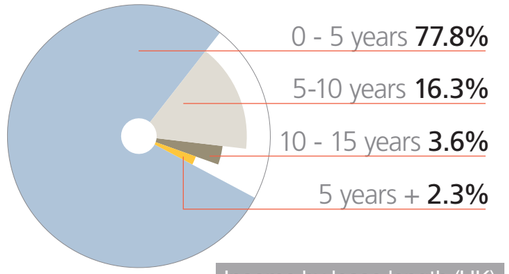
LONDON & CAMBRIDGE PROPERTIES LIMITED OWNS AND MANAGES A PORTFOLIO OF PROPERTIES OF OVER 16 MILLION SQUARE FEET.

AN INTENSIVE MANAGEMENT APPROACH IS EMPLOYED TO ENHANCE RETURNS AND TO MAXIMISE ASSET GROWTH. THE COMPANY IS COMMITTED TO FURTHER EXPANSION BY ACQUISITION AND DEVELOPMENT OF QUALITY BUILDINGS IN KEY LOCATIONS.

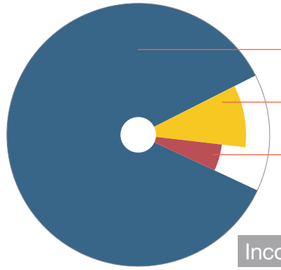
FINANCIAL HIGHLIGHTS



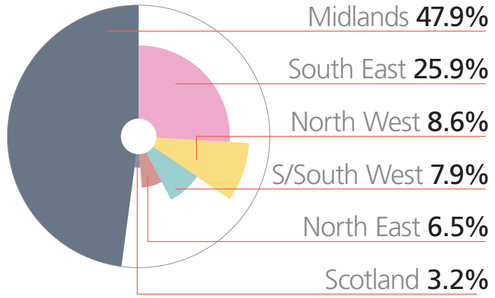
Value by sector



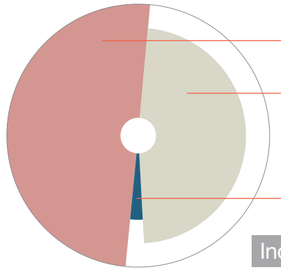
Income by lease length (UK)



Income by location (Europe)



Income by location (UK)



Income by sector (Europe)

15.6%
FRS 102 profit before tax
increased by 15.6% to
£70.2m
(FY 2015: £60.7m)

10.0%
NAV increased
by 10.0% to
£576.4m
(FY 2015: £523.7m)

21.1%
Underlying profit
increased by 21.1% to
£42.9m
(FY 2015: £35.5m)

5.7%
Turnover increased
by 5.7% to
£98.4m
(FY 2015: £93.1m)

All Saints Shopping Centre, Shard End, Birmingham

The Old Market Precinct, Nailsworth, Gloucestershire

STRATEGIC REPORT

The directors present their strategic report for the year ended 31 March 2016

LCP Head Office, LCP House, The Pensnett Estate, Kingswinford, West Midlands

Activities and Business Review

The directors are pleased to announce that it has been another exceptional year with capital values increased by £31.2 million, repeatable income increased by £7.4 million and retained earnings of £62.2 million.

The principal activities of the Group consist of the development and management of industrial and commercial properties and the provision of associated services. It is not anticipated that there will be any significant change during the current financial year.

The strategy of the Group remains to improve returns and achieve asset growth through the intensive management and development of its properties. The Group continues to consider opportunities to acquire or dispose of properties where these activities offer opportunities to use our key strengths and deliver growth.

Future Developments

The Group envisages no changes to the direction of its strategy. Any impact the EU referendum result may have will be assessed once economic data becomes available during the next six months.

Performance Review

The Group turnover and profit before taxation and underlying profit before taxation, which the directors consider to be key performance indicators to monitor the business, for the year were as follows:

Performance	**2016**	2015
	£000	£000
Turnover		
UK	83,226	77,013
Continental Europe	15,204	16,134
Group	**98,430**	**93,147**

Profit before taxation		
UK	72,637	70,166
Continental Europe	(2,487)	(9,500)
Group	**70,150**	**60,666**
Taxation	(7,991)	(10,371)
Profit for the year	**62,159**	**50,295**

Underlying profits exclude the impact of revaluations of investment property and financial instruments, profits on disposals of investment properties, exchange differences and certain one-off costs and benefits.

Underlying profits in the UK increased by £7.4 million compared to the prior year and increased by £0.03 million in Continental Europe.

Underlying profit before taxation		
UK	39,907	32,464
Continental Europe	3,028	2,994
Group	**42,935**	**35,458**

Astle Retail Park, West Bromwich, West Midlands

Performance Review
Portfolio Value
Occupancy Levels

Performance Review continued

In the UK, rental income increased by £5.3 million, with acquisitions during the year contributing to an increase of £3.4 million in the retail sector, whilst continued strong performance in both demand and occupancy contributed to a rental increase of £2.4 million in the industrial sector.

Property related direct costs reduced by £1.6 million, due to improved occupancy levels which reduced irrecoverable business rates and service charges, whilst administrative expenses increased by £0.8 million.

UK net interest costs decreased by £1.3 million with interest payments on external debt decreasing by £3.0 million as a result of a fall in market rates, (albeit UK debt increased by £71.5m). Interest receivable on loans from related parties reduced by £1.5 million reflecting a £9.2 million (€12.5 million) repayment during the year.

The Group maintains a commitment to offer properties that are fully refurbished and available for immediate occupancy. In total, the Group spent £6.1 million on capital and refurbishment expenditure within the UK portfolio in 2016 compared to £4.2 million in 2015.

Portfolio Value

The revaluation of the Group's investment properties at 31 March 2016 resulted in a revaluation uplift of £31.2 million, an improvement of 3.1%.

During the year, the Group has continued to focus its acquisitions in the retail sector in local convenience shopping, an area where it sees the most opportunity to strengthen its portfolio and enhance values using management skills inherent in the business. The Group acquired properties to the value of £76.1 million in the UK, which included a portfolio of 19 properties at a total cost of £38.6 million.

Portfolio value	2016	2015
	£000	£000
Investment property		
UK	979,841	872,815
Continental Europe	183,281	137,943
Group	**1,163,122**	**1,010,758**
UK Joint Venture	12,704	14,798

During the year the development works to regenerate Pitsea town centre were completed with additional expenditure of £2.9 million.

Additional capital expenditure of £4.0 million was incurred to upgrade and improve other properties, principally in the industrial portfolio, throughout the UK.

In Poland, the Group acquired retail properties to the value of £8.7 million. In Germany the Group continued with its strategy of acquisitions in the retail sector by acquiring properties to the value of £23.5 million.

The Group disposed of a number of properties where it sees little opportunity to add value through management or development, proceeds from these disposals amounted to £13.7 million.

The Group is continually seeking high yielding investment property acquisitions in the UK, Poland and Germany. The market is constantly monitored and acquisitions will be undertaken on a selective basis where there are real opportunities to enhance returns using our intensive management approach.

Occupancy levels

During the year the Group's occupancy levels averaged 92% with industrial occupancy averaging 94% and retail 90%.

In the UK, occupancy levels remained constant at 93%, (although improvements in retail occupancy saw an increase of 1.5% by March 2016 compared to the prior year).

In Continental Europe, occupancy levels at March 2016 had fallen by 4% primarily due to additional vacancies in the retail portfolios in Poland and Germany, although there was an improvement of 4.5% in the industrial portfolio in Germany. Post year end, new lettings in both industrial and retail portfolios in Germany have improved occupany levels from 84.7% to 91.6%.

Occupancy levels	2016	2015
UK	93%	93%
Continental Europe	88%	92%
Group	**92%**	**92%**

Fernwood Park, Newark-on-Trent, Nottinghamshire

The Food Court, Wulfrun Shopping Centre, Wolverhampton

Tedox, Rastatt, Germany

Abbeymead Shopping Centre, Gloucester

Financing
Gearing and Financial Covenants
Risk Management

Financing

The net debt at 31 March 2016 of £633.3 million comprised 84% hedged with 78% at fixed interest rates.

The weighted average cost of debt at 31 March 2016 was 3.75% (2015: 4.04%).

In the UK, the Group has agreed a £30.0 million facility with an existing UK lender, with the £30.0 million drawn at March 2016. In addition, the Group has extended an existing facility by a further £40.0 million, with the £40.0 million drawn at March 2016, and additional drawdowns of £47.9 million on other existing facilities.

In addition, the Group repaid £61.4 million of bank loans, and £4.0 million of shareholder loans.

In Germany the Group repaid £3.4 million of other bank loans. The Group had drawn £10.2 million on existing bank loan facilities during the year, whilst agreeing a £15.9 million (€20.0 million) facility increase with an existing lender.

In Poland, the Group obtained £5.0 million of new finance leases to fund acquisitions of investment property, with £1.1 million of amortisation on new and existing finance leases during the year.

The Group continues to actively manage its interest rate exposure through the use of derivative instruments. During the year the Group agreed £30.0 million, €90.0 million and PLN 13.9 million of new swaps.

Financing	2016	2015
	£000	£000
Loans and borrowings		
Bank loans and overdrafts	597,492	507,636
Finance Leases	17,708	11,555
Other loans	11,000	11,000
Loans from shareholders	42,650	46,650
Total loans and borrowings	**668,850**	**576,841**
Cash	(35,521)	(33,101)
Net debt	**633,329**	**543,740**

At 31 March 2016, the Group had £9.2 million of bank debt falling due within one year or on demand.

Gearing and Financial Covenants

The Group property gearing loan to value ratio, which reflects the ratio of net debt to investment properties and investments in joint ventures, remained consistent at 31 March 2016 with the prior year at 55%.

The percentage of equity shareholders' funds to net debt decreased during the year from 96% at 31 March 2015 to 91% at 31 March 2016.

The Group is continually seeking high yielding investment property acquisitions in the UK, Poland and Germany. The market is constantly monitored and acquisitions will be undertaken on a selective basis where there are real opportunities to enhance returns using our intensive management approach.

Risk Management

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

Risk Management

Risk Management continued

Financial risks		
Risk	**Impact**	**Mitigation**
Liquidity/refinancing.	Inability to fund operations, capital expenditure or to raise new or replacement funding.	The Group regularly monitors banking covenant headroom, leverage and committed, undrawn financing facilities. The Group maintains regular contact with both existing and prospective providers of funding to evaluate options in advance of funding deadlines.
Interest rate exposure.	Increased borrowing costs.	Interest rates are constantly monitored and hedging policies reviewed by the directors to ensure the Group's risk and exposure to volatile interest rate movements is kept to a minimum. The Group's policy is to manage its exposure to short term interest rate movements through the use of derivative contracts where appropriate.
Credit risk: failure of bank and financial institution counterparties.	Loss of cash deposits.	The Group has fostered relationships with a range of banks to provide deposit facilities for surplus cash balances. The Group continually reviews the credit ratings of these banks and spreads deposits across institutions with the higher credit ratings.
Foreign currency.	Volatility of earnings and cash flows.	The Group's policy is to reduce exposure to foreign currency exchange differences by hedging overseas net assets with foreign currency borrowings and derivative contracts where appropriate.

Trentham Lakes District Centre, Stoke-on-Trent

Celtic Retail Park, Worksop, Nottinghamshire

Property risks		
Risk	**Impact**	**Mitigation**
Acquisition	Acquisition of property that fails to meet performance targets.	Target acquisitions are evaluated and due diligence carried out. Investment criteria are established by the Board and no properties are acquired which fail to meet these criteria.
Tenant credit	Concern about a deterioration in economic activity, with a weakening of consumer confidence, may result in tenants, particularly in the UK retail sector, facing difficult operating conditions which may result in increasing tenant default and vacancy rates.	The Group operates procedures to reduce exposures by reviewing tenant covenants for new leases. Close contact and strong relationships are maintained with existing tenants to enable the Group to consider actions to mitigate risk at the earliest opportunity. The Group manages a diversified portfolio in the industrial, retail and office sectors which are predominantly multi-let sites and with a spread of lease end dates.
Valuation	Valuations in the UK have continued to increase but this was partially offset by falls in Continental Europe. A fall in property valuations may lead to a worsening in loan to value ratios outside the range acceptable to the Group and to a level risking breach of banking covenants.	The Group manages a diversified portfolio in different geographical regions and sectors. The Group continues to prioritise the management of loan to value ratios. Management has at all times continued to communicate fully with lenders, making debt repayments when necessary while acquiring properties which enhance the portfolio as opportunities arise.
Health and safety	Potential loss or injury to employees, contractors, tenants or members of the public.	The Group Health and Safety Committee meet regularly to update risk mitigation policies. Education and training are provided to all employees as required. All properties are visited every year and structured risk assessments undertaken.

Post Balance Sheet Events
Dividends
Fixed Assets

Purpose-built FedEx Hub, Zone 3 Burntwood Business Park, Burntwood, Staffordshire

Post Balance Sheet Events

The Group has drawn an additional £14.0 million of bank loans with an existing UK lender.

The Group has continued to actively manage its interest rate exposure, agreeing a further €10.0 million interest rate swaps to fix at historically low rates for 5 years.

A £3.1 million (€3.8 million) loan repayment has been received from Ringmerit Limited.

The Group has continued to invest in the retail sector having completed acquisitions of £28.5 million in the UK.

Dividends

Dividends of £10,000,000 were paid during the year. Dividends of £5,750,000 have been paid since the year end.

Dividends recognised in the year are disclosed in note 14.

Fixed Assets

The changes in fixed assets during the year can be found in notes 15 to 17 on pages 27 to 28.

On behalf of the board

C W Tranter
Director

11 October 2016

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 March 2016

Directors

The directors who served during the year were:

C MacDonald-Hall
J D Chandris
M D Chandris
A Tomazos
D J Chandris
C W Tranter *(appointed 31 January 2016)*
S MacDonald-Hall *(appointed 1 February 2016)*
S J Massey *(resigned 31 January 2016)*

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102, '*The Financial Reporting Standards applicable in the UK and the 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 the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and accounting estimates that are reasonable and prudent;

state whether applicable UK Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;

notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Strategic Report

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

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Auditors

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

On behalf of the board

C W Tranter
Director

11 October 2016

Westcroft District Centre, Barnsdale Drive, Milton Keynes

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	2016 £000	2015 £000
Group turnover	6	98,430	93,147
Cost of sales		(22,478)	(23,896)
Gross profit		75,952	69,251
Administrative expenses		(17,021)	(17,738)
Surplus on revaluation of investment properties		31,160	41,519
Profit on disposal of investment properties		1,006	3,185
(Deficit)/surplus on revaluation of joint ventures		(2,000)	50
Other operating gains/losses		148	1,818
Group operating profit		89,245	98,085
Group's share of profit in joint venture		906	1,063
		90,151	99,148
Profit on disposal of quoted investments		–	2,550
Profit on ordinary activities before interest		90,151	101,698
Interest receivable	8	25,339	34,406
Interest payable	9	(43,188)	(56,460)
Net losses on derivative financial instruments	9	(2,152)	(18,978)
Profit on ordinary activities before taxation	11	70,150	60,666
Taxation on profit on ordinary activities	13	(7,991)	(10,371)
Profit on ordinary activities after taxation		62,159	50,295
Attributable to non-controlling interests		8	(85)
Attributable to shareholders of the Group		62,151	50,380
		62,159	50,295

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2016 £000	2015 £000
Re-measurement of net defined benefit asset	31	60	(1,367)
Foreign currency differences		508	(1,726)
		568	(3,093)
Total comprehensive income		62,727	47,202
Attributable to non-contributing interests		(9)	(54)
Attributable to shareholders of the Group		62,736	47,256
		62,727	47,202

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

The notes on pages 21 to 43 form part of these financial statements

CONSOLIDATED BALANCE SHEET

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Tangible fixed assets					
Investment properties	15	1,163,122		1,010,758	
Other fixed assets	16	1,917		1,905	
			1,165,039		1,012,663
Investments	17		41		41
Investments in joint ventures	17		12,704		14,798
Current assets					
Stock and work in progress	19	3,296		2,073	
Debtors					
Amounts falling due within one year	20	185,843		187,271	
Amounts falling due after more than one year	20	2,177		2,700	
Pension asset	31	580		538	
Cash at bank and in hand		35,521		33,101	
		227,417		225,683	
Creditors					
Amounts falling due within one year	21	(121,467)		(114,243)	
Net current assets			105,950		111,440
Total assets less current liabilities			1,283,734		1,138,942
Creditors					
Amounts falling due after more than one year	22		(686,431)		(593,387)
Provisions for liabilities					
Deferred taxation	25		(20,904)		(21,781)
Other provisions	25		–		(102)
Net assets			576,399		523,672
Capital and reserves					
Called-up share capital			2		2
Share premium account			32,888		32,888
Revaluation reserve			229,909		203,071
Profit and loss account			313,692		287,894
Shareholders' funds			576,491		523,855
Non-controlling interest			(92)		(183)
Equity shareholders' funds			576,399		523,672

C W Tranter
Director

C MacDonald-Hall
Director

These financial statements were approved by the board of directors on 11 October 2016

The notes on pages 21 to 43 form part of these financial statements

COMPANY BALANCE SHEET

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Investments in Group undertaking	17		**44,773**		44,773
Current assets					
Debtors	20	**19,153**		19,390	
Cash at bank and in hand		**1**		1	
		19,154		19,391	
Creditors					
Amounts falling due within one year	21	**(11,218)**		(11,122)	
Net current assets			**7,936**		8,269
Net assets			**52,709**		53,042
Capital and reserves					
Called-up share capital	26		**2**		2
Share premium account			**32,888**		32,888
Profit and loss account			**19,819**		20,152
			52,709		53,042

C W Tranter
Director

C MacDonald-Hall
Director

These financial statements were approved by the board of directors on 11 October 2016

CONSOLIDATED CASH FLOW STATEMENT

	Notes	2016 £000	2016 £000	2015 £000	2015 £000
Cash flows from operating activities					
Profit for the financial year		**62,159**		50,295	
Adjustments for:					
Share of profit from joint venture		**(906)**		(1,063)	
Amortisation of goodwill		**–**		939	
Depreciation		**302**		345	
Revaluation of investment properties		**(31,160)**		(41,519)	
Share of revaluation in joint venture		**2,000**		(50)	
Court settlement of development write downs		**(148)**		(1,818)	
Change in fair value of derivatives		**2,152**		18,978	
Net movement in other provisions		**(102)**		(198)	
Profit on disposal of investment properties		**(1,006)**		(3,185)	
Profit on disposal of other fixed assets		**(63)**		(6)	
Profit on disposal of quoted investments		**–**		(2,550)	
Interest paid		**43,188**		56,460	
Interest received		**(25,339)**		(34,406)	
Taxation		**7,991**		10,371	
Decrease in debtors		**16,750**		14,963	
Decrease in stocks		**(1,204)**		(582)	
Increase in creditors		**218**		847	
Pensions: current service charge		**432**		337	
Pensions: contributions		**(381)**		(675)	
Cash received on account of profit share from joint venture		**1,000**		1,000	
Cash from operations			**75,883**		68,483
Taxation paid			**(7,091)**		(10,333)
Net cash generated from operating activities			**68,792**		58,150
Cash flows from investing activities					
Purchase of investment property		**(122,805)**		(27,258)	
Sale of investment property		**14,196**		13,721	
Purchase of other fixed assets		**(310)**		(117)	
Sale of other fixed assets		**5**		16	
Court settlement of development write downs		**148**		1,818	
Interest received		**3,622**		8,604	
Sale of investments		**–**		8,500	
Purchase of investments		**–**		(33)	
Net cash utilised in investing activities			**(105,144)**		5,251
Cash flows from financing activities					
Loans advanced		**133,003**		118,262	
Loans repaid		**(65,454)**		(142,867)	
Interest paid		**(20,232)**		(27,954)	
Dividends paid		**(10,000)**		(12,500)	
Net cash generated in financing activities			**37,317**		(65,059)
Increase/(decrease) in cash	27		**965**		(1,658)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Called-up share capital £000	Share Premium £000	Re-valuation reserve £000	Profit and loss account £000	Total share-holders' equity £000	Minority interest £000	Total equity £000
At 1 April 2014	2	32,888	165,415	290,861	489,166	(196)	488,970
Profit for the year	–	–	–	50,380	50,380	(85)	50,295
Share of revaluation in JVs	–	–	50	(50)	–	–	–
Transfer to minority interest	–	–	(67)	–	(67)	67	–
Impairment of investment property	–	–	2,187	(2,187)	–	–	–
Transfer of gain arising on investment properties	–	–	(216)	216	–	–	–
Actuarial loss	–	–	–	(1,367)	(1,367)	–	(1,367)
Foreign exchange adjustments	–	–	202	(1,959)	(1,757)	31	(1,726)
Transfer between reserves - revaluation of investment properties	–	–	41,519	(41,519)	–	–	–
Transfers between reserves - taxation on revaluation of investment properties	–	–	(6,019)	6,019	–	–	–
Total comprehensive income for the year	–	–	37,656	9,533	47,189	13	47,202
Dividends paid	–	–	–	(12,500)	(12,500)	–	(12,500)
At 31 March 2015	2	32,888	203,071	287,894	523,855	(183)	523,672
Profit for the year	–	–	–	62,151	62,151	8	62,159
Share of revaluation in JVs	–	–	(2,000)	2,000	–	–	–
Transfer to minority interest	–	–	(100)	–	(100)	100	–
Transfer of gain arising on investment properties	–	–	(3,838)	3,838	–	–	–
Actuarial gain	–	–	–	60	60	–	60
Foreign exchange adjustments	–	–	(317)	842	525	(17)	508
Transfer between reserves - revaluation of investment properties	–	–	31,160	(31,160)	–	–	–
Transfers between reserves - taxation on revaluation of investment properties	–	–	1,933	(1,933)	–	–	–
Total comprehensive income for the year	–	–	26,838	35,798	62,636	91	62,727
Dividends paid	–	–	–	(10,000)	(10,000)	–	(10,000)
At 31 March 2016	**2**	**32,888**	**229,909**	**313,692**	**576,491**	**(92)**	**576,399**

COMPANY STATEMENT OF CHANGES IN EQUITY

	Called-up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 April 2014	**2**	**32,888**	**22,995**	**55,885**
Profit for the year	–	–	9,657	**9,657**
Total comprehensive income for the year	2	–	9,657	9,657
Dividends paid	–	–	(12,500)	(12,500)
At 31 March 2015	**2**	**32,888**	**20,152**	**53,042**
Profit for the year	–	–	9,667	9,667
Total comprehensive income for the year	–	–	9,667	9,667
Dividends paid	–	–	(10,000)	(10,000)
At 31 March 2016	**2**	**32,888**	**19,819**	**52,709**

NOTES TO THE FINANCIAL STATEMENTS

1 Statement of compliance

London & Cambridge Properties Limited is a limited liability company, incorporated in England, (Number 2895002). The registered office is LCP House, The Pensnett Estate, Kingswinford, West Midlands DY6 7NA.

2 Basis of preparation

The Group's financial statements have been prepared in accordance with Financial Reporting Standard 102 - '*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*' ('FRS 102'), and with the Companies Act 2006, as it applies to the financial statements of the Company for the year ended 31 March 2016.

The financial statements of London & Cambridge Properties Limited were approved for issue by the Board of Directors on 11 October 2016. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the group and rounded to the nearest £000.

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

The Group and Company transitioned from previously extant UK GAAP to FRS 102 as at 1 April 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 34.

The group financial statements consolidate the financial statements of London & Cambridge Properties Limited and all its subsidiary undertakings drawn up to 31 March each year.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Group and Company's shareholders. The exemption from applying section 20 of FRS 102 to lease incentives granted before transition to FRS 102 has been taken advantage of.

The consolidated accounts comprise the accounts of the company and all subsidiaries made up to 31 March 2016. The company has not presented its own profit and loss account as permitted by Section 408 of the Companies Act 2006. The parent company's profit for the year was £9,667,441 (2015: £9,657,114).

3 Going concern

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

4 Significant judgements and estimates

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

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

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

Other non-significant areas of estimation include the actuarial assumptions used in calculating the Group's retirement benefit obligations.

5 Principal accounting policies

a Joint venture undertakings

A joint venture undertaking is one in which the company holds a long term interest and shares control under a contractual relationship. The joint ventures have been accounted for under the equity method.

b Income recognition

bi Turnover

Turnover represents amounts due for the year in respect of gross rental income, estate related services, service charge income, the income from managed operations such as warehousing, car parks, shopping centre malls and serviced offices, sales of development properties and income from the helicopter charter operation, excluding value added tax.

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

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

bii Revenue and profits on sale of investment properties

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

c Depreciation

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

Plant and machinery	3 - 20 years
Furniture, fittings, tools and equipment	4 - 10 years

Leasehold property is amortised over the period of the lease.

d Stocks and work in progress

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

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

NOTES TO THE FINANCIAL STATEMENTS

5 Principal accounting policies continued

e Taxation

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

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

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

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

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

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

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

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

f Investment property

Certain of the Company's properties are held for long-term investment. Investment properties are accounted for as follows:

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

The company carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The key assumptions used to determine the fair value of investment property are explained in note 15.

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

g Finance leases

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

h Pensions

The Group operates a contributory defined benefit pension scheme for employees whose employment began before 1 September 2001. The scheme funds are administered by trustees and are independent of the company's finances. Contributions are paid to the scheme in accordance with the recommendations of independent actuaries. The contributions to the scheme are charged to the profit and loss account in order to spread the cost of providing pensions over the working lives of employees.

The Group also operates a defined contribution stakeholder pension scheme. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

i Operating leases

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

j Foreign currencies

The results of overseas subsidiary undertakings are translated into sterling using the average rates of exchange ruling during the period. Their balance sheets are translated at the exchange rate ruling at the year end. Any resulting translation differences are taken directly to reserves. All other exchange differences are reflected in the profit and loss account.

k Goodwill

Goodwill arising on the acquisition of subsidiary undertakings is written off to the profit and loss account over the estimated economic life.

l Financial Instruments

Borrowings

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

Derivative financial instruments

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

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

Trade and other receivables and payables

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

NOTES TO THE FINANCIAL STATEMENTS

6 Group segmental reporting

	Turnover		Profit before tax		Net assets/(liabilities)	
	2016 £000	2015 £000	**2016 £000**	2015 £000	**2016 £000**	2015 £000
Geographical analysis						
UK	**83,226**	77,013	**72,637**	70,166	**598,223**	541,276
Continental Europe	**15,204**	16,134	**(2,487)**	(9,500)	**(21,824)**	(17,604)
	98,430	93,147	**70,150**	60,666	**576,399**	523,672

Analysis of turnover by activity	**2016 £000**	2015 £000
Rental income	**81,634**	76,711
Estate services	**2,983**	2,874
Service charge income	**10,511**	10,621
Warehousing	**543**	431
Shopping mall and car park income	**1,584**	1,401
Helicopter chartering income	**239**	182
External management income	**936**	927
	98,430	93,147

7 Staff numbers and costs

The average number of people employed by the Group (including directors) during the year was as follows:

	2016	2015
Management and administration	**146**	140

The aggregate payroll costs were as follows:	**2016 £000**	2015 £000
Wages and salaries	**7,884**	8,118
Social security costs	**1,017**	1,088
Other pension costs	**577**	639
	9,478	9,845

8 Interest receivable and similar income

	2016 £000	2015 £000
Bank interest receivable	**67**	68
Foreign exchange gains	**18,650**	26,126
Interest on other loans	**6,573**	8,069
Other interest	**49**	143
	25,339	34,406

NOTES TO THE FINANCIAL STATEMENTS

9 Interest payable and similar charges

	2016 £000	2015 £000
On bank loans and overdrafts and other loans carried at amortised cost basis:		
Repayable within five years	**17,819**	20,036
Repayable after five years	**5,481**	5,508
On finance leases	**402**	438
On loans from parent undertaking	**1,076**	1,202
Foreign exchange losses	**17,982**	27,588
Other interest and similar charges	**428**	1,688
Total interest expense on financial liabilities not measured at fair value through profit and loss	**43,188**	56,460
Losses on derivative financial instruments	**2,152**	18,978
Total interest expense and similar charges	**45,340**	75,438

10 Underlying profit

Underlying profit is an adjusted measure intended to show the underlying earnings of the Group before fair value movements and other non-recurring items. A reconciliation of the underlying profit to the profit before tax prepared in accordance with FRS 102 rules is set out below.

	2016 £000	2015 £000
Turnover		
Cost of Sales	**98,430**	93,829
Administrative expenses	**(22,473)**	(23,890)
Interest	**(16,633)**	(16,627)
Group's share of profit in joint venture	**(17,295)**	(18,917)
	906	1,063
Underling profit	**42,935**	35,458
Revaluation of investment properties	**31,160**	41,519
Share of revaluation in joint venture	**(2,000)**	50
Charge in fair value of financial instruments	**(2,152)**	(18,978)
Recognition of significant component of plant and machinery	**(6)**	(6)
Profit on disposal of investment properties	**1,006**	3,185
Amortisation costs	**(1,183)**	(1,676)
Non-recurring administrative expenses	**(490)**	(366)
Provision for leasehold property liabilities	**102**	198
Other operating gains	**148**	1,818
Foreign exchange gains/losses	**630**	(1,461)
Amortisation of goodwill	**-**	(884)
Profit on disposal of quoted investments	**-**	2,550
Impairment in the value of investments	**-**	(59)
Lease incentive impairment	**-**	(682)
Profit before tax	**70,150**	60,666

NOTES TO THE FINANCIAL STATEMENTS

11 Profit before taxation

The profit before taxation is stated after charging/(crediting):	2016 £000	2015 £000
Operating lease rentals:		
plant and machinery	202	192
land and buildings	1,372	1,649
Depreciation of tangible fixed assets	302	345
Amortisation of goodwill	-	939
Profit on disposal of investment properties	(1,006)	(3,185)
Foreign exchange (gains)/losses	(668)	1,462
Share of revaluation in joint venture	2,000	(50)
Changes in fair value of investment properties	(31,160)	(41,159)
Changes in fair value of derivatives	2,152	18,978
Impairment loss on trade debtors	650	682
Auditors' remuneration - Group		
for audit services	141	144
for audit services for the pension scheme	5	5
taxation	128	151
other compliance services	-	-
Auditors' remuneration - Company		
for audit services	25	25
taxation	27	40

12 Directors' emoluments

The emoluments of the directors for the year ended 31 March 2016 were as follows:

	2016 £000	2015 £000
Emoluments for services as directors and executives	3,327	3,359
Contributions to money purchase pension schemes	108	200
	3,435	3,559

The number of directors who are accruing benefits under pension schemes is as follows:

	2016	2015
Money purchase schemes	2	2
Defined benefit schemes	1	1

The emoluments of the highest paid director were as follows:	2016 £000	2015 £000
Aggregate emoluments	2,181	2,168
Contributions to a money purchase pension scheme	104	200
	2,285	2,368

The directors are of the opinion that all key management compensation is disclosed within directors' emoluments above.

NOTES TO THE FINANCIAL STATEMENTS

13 Taxation

	2016 £000	2015 £000
UK corporation tax at 20% (2015: 21%)	8,881	7,107
Adjustment in respect of earlier years:		
Corporation tax	(270)	634
	8,611	7,741
Foreign taxes:		
Corporation taxes	162	130
Total current tax	8,773	7,871
Deferred tax - UK	(178)	3,621
Deferred tax - Continental Europe	(604)	(1,121)
Tax on results on ordinary activities	7,991	10,371

The tax for the period is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (21%)	14,030	12,740
Expenses disallowed	57	(574)
Reduced tax on property sales	(504)	(327)
Deferred tax released – principally capital allowances	(137)	(115)
Change in fair value of derivative contracts	1,284	4,445
Unrealised revaluation gains	(6,845)	(8,730)
Effect of foreign subsidiaries	696	(692)
Deferred tax - revaluations	(888)	3,161
Deferred tax - foreign subsidiaries	(604)	(1,121)
Other items	1,172	950
Prior year items	(270)	634
Total taxation on profits for the year	7,991	10,371

14 Dividends

	2016 £000	2015 £000
Interims paid in respect of current period – £666.66 (2015: £500.00) per ordinary share	10,000	7,500
Final paid in respect of previous period – £Nil (2015: £333.33) per ordinary share	-	5,000
	10,000	12,500

NOTES TO THE FINANCIAL STATEMENTS

15 Tangible fixed assets: Investment property

Group	Freehold £000	Short Leasehold £000	Long Leasehold £000	Developments £000	**Total £000**
At 1 April 2015	661,619	7,465	327,056	14,618	**1,010,758**
Additions	75,106	–	38,374	8,758	**122,238**
Reclassifications	14,350	–	(10)	(14,340)	**–**
Disposals	(15,021)	–	(1,579)	–	**(16,600)**
Revaluation surplus	30,672	43	1,439	(994)	**31,160**
Leasehold fair value adjustment	–	(15)	(155)	–	**(170)**
Exchange adjustment	–	(219)	15,779	176	**15,736**
At 31 March 2016	**766,726**	**7,274**	**380,904**	**8,218**	**1,163,122**

Freehold and leasehold investment properties are shown at their 31 March 2016 fair value, with changes in fair value being recognised in the profit and loss account. Development assets consist of assets in the course of construction where the completed project will be transferred into investment property. Development assets are shown at fair value, taking into account expected costs to complete the development.

At 31 March 2016, the Group's UK portfolio of investment properties was valued at fair value by *Jones Lang LaSalle Ltd*, professionally qualified external valuers, in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. The German portfolio was valued at fair value by *Cushman & Wakefield* and the Polish portfolio was valued at open market value by the Directors.

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

- that full planning consent exists, or established use rights are available for the existing building and present uses
- that there are no unusually onerous restrictions or obligations attaching to the premises
- that the properties are assumed to be in good repair and condition

A long leasehold property at Piotrkow is held under a finance lease. The property was valued at £15,341,463 at 31 March 2016 (£14,730,000 at 31 March 2015). A long leasehold portfolio of properties acquired in Poland during the year are held under finance leases. The portfolio was valued at £8,180,117 at 31 March 2016.

The cost of the assets included at valuation determined according to historical cost accounting rules is as follows:

	2016 £000	2015 £000
Freehold property	**499,422**	466,031
Leasehold property	**289,360**	252,486
	788,782	718,517

NOTES TO THE FINANCIAL STATEMENTS

16 Other tangible fixed assets

Group	Plant and Machinery £000	Furniture Fittings Tools and Equipment £000	**Total £000**
Cost			
At 1 April 2015	4,180	1,034	**5,214**
Exchange adjustments	24	9	**33**
Additions	145	165	**310**
Disposals	(182)	(98)	**(280)**
At 31 March 2016	**4,167**	**1,110**	**5,277**
Depreciation			
At 1 April 2015	2,407	902	**3,309**
Exchange adjustments	19	5	**24**
Charge in year	228	74	**302**
Disposals	(177)	(98)	**(275)**
At 31 March 2016	**2,477**	**883**	**3,360**
Net book amount at 31 March 2016	**1,690**	**227**	**1,917**
Net book amount at 31 March 2015	1,773	132	**1,905**

17 Investments

Group	**2016 £000**	2015 £000
Unlisted investments - share of net assets in joint ventures		
At 1 April 2015	**14,798**	14,685
Share of profit on ordinary activities before taxation	**906**	1,063
Distributions	**(1,000)**	(1,000)
Share of revaluation of investment property	**(2,000)**	50
At 31 March 2016	**12,704**	14,798
Unlisted investments - other	**33**	33
Listed investments	**8**	8
	41	41
	12,745	14,839

The Group owns a 50% share in The Skelmersdale Limited Partnership, a limited partnership incorporated in the UK and registered in England which manages The Concourse Shopping Centre.

NOTES TO THE FINANCIAL STATEMENTS

18 Investments in group undertakings

Company	2016 £000	2015 £000
Shares at cost		
As at 31 March 2016 and 2015	**44,773**	44,773

The company owns the following operating subsidiary undertakings that are involved in the management of industrial and commercial properties and the provision of associated services, except as noted below:

	2016 Holdings	2015 Holdings
Incorporated within the United Kingdom and registered in England:		
Direct Holdings		
LCP Management Limited – Provision of management services	**100%**	100%
Braycape Limited	**100%**	100%
Mapleplan Limited	**100%**	100%
Indirect Holdings		
LCP Properties Limited	**100%**	100%
LCP Investments Limited	**100%**	100%
LCP Securities Limited	**100%**	100%
LCP Estates Limited	**100%**	100%
Rookman Properties Limited	**100%**	100%
LCP Securities (North West) Limited	**100%**	100%
L & C Overseas Limited	**100%**	100%
LCP Retail Limited	**100%**	100%
LCP Commercial Limited	**100%**	100%
Bramview Limited	**100%**	100%
Lockstead Limited	**100%**	100%
SCC Properties Limited	**100%**	100%
LCP Developments Limited		
– Development of industrial and commercial properties	**100%**	100%
L & C Estates Limited	**100%**	100%
L & C Investments Limited	**100%**	100%
L & C Commercial Limited	**100%**	100%
L & C Securities Limited	**100%**	100%
Wellington Real Estate Limited	**100%**	100%
Charterstyle Limited – Helicopter Chartering	**100%**	100%
LCP Real Estate Limited	**100%**	100%
L & C Europe Limited – Intermediate holding company	**100%**	100%
Polish registered companies		
LCP Properties Sp. Zo.o. – Provision of management services	**100%**	100%
LCP Taima Investments Sp. Zo.o.	**100%**	100%
LCP Avery Investments Sp. Zo.o.	**100%**	100%
LCP Corentin Investments Sp. Zo.o.	**100%**	100%
LCP Estelle Investments Sp. Zo.o.	**100%**	100%
LCP Solver Investments Sp. Zo.o.	**100%**	100%
LCP Tredia Investments Sp. Zo.o.	**100%**	100%
LCP Macalla Investments Sp. Zo.o	**100%**	100%
LCP Xantira Investments Sp. Zo.o.	**100%**	100%
LCP Xantira Investments Sp. Zo.o. Sp. K	**100%**	100%
LCP Properties Management Sp. Zo.o.	**100%**	100%
LCP Elmstead Sp. Zo.o. Sp. K	**100%**	–
LCP Elmstead Sp. Zo.o.	**100%**	–
Mistley Sp. Zo.o.	**100%**	–

NOTES TO THE FINANCIAL STATEMENTS

18 Investments in group undertakings continued

	2016 Holdings	2015 Holdings
German registered companies		
GIPAM GmbH – Provision of management services	**100%**	100%
LCP Verwaltungs GmbH Eins IG – Intermediate holding company	**95.83%**	95.83%
LCP Verwaltungs GmbH IG – Intermediate holding company	**95.83%**	95.83%
LCP Verwaltungs GmbH Zwei IG – Intermediate holding company	**95.83%**	95.83%
LCE Deutschland 1 GmbH & Co KG	**95.83%**	95.83%
LCE Deutschland 2 GmbH & Co KG	**95.83%**	95.83%
LCE Deutschland 3 GmbH & Co KG	**95.83%**	95.83%
LCE Deutschland 4 GmbH & Co KG	**95.83%**	95.83%
LCE Deutschland 5 GmbH & Co KG	**95.83%**	95.83%
LCE Deutschland 6 GmbH & Co KG	**95.83%**	95.83%
LCE Deutschland 7 GmbH & Co KG	**95.83%**	95.83%
LCE Deutschland 8 GmbH & Co KG	**95.83%**	95.83%
Luxembourg registered companies		
L & C Lux Hold Co S.A.R.L. – Intermediate holding company	**95.83%**	95.83%
LCE Allemagne 1 S.A.R.L. – Intermediate holding company	**95.83%**	95.83%
LCE Allemagne 2 S.A.R.L. – Intermediate holding company	**95.83%**	95.83%
LCE Allemagne 3 S.A.R.L. – Intermediate holding company	**95.83%**	95.83%
LCE Allemagne 4 S.A.R.L. – Intermediate holding company	**95.83%**	95.83%
LCE Allemagne 5 S.A.R.L. – Intermediate holding company	**95.83%**	95.83%
LCE Allemagne 6 S.A.R.L. – Intermediate holding company	**95.83%**	95.83%
LCE Allemagne 7 S.A.R.L. – Intermediate holding company	**95.83%**	95.83%
LCE Allemagne 9 S.A.R.L. – Intermediate holding company	**95.83%**	95.83%
LCE 7 Luxembourg GP S.A.R.L. – Intermediate holding company	**95.83%**	95.83%

All of the above holdings comprise ordinary shares.

In addition, the holding in LCP Securities Limited comprises 100% of the deferred ordinary shares, and in Mapleplan Limited, comprises 100% of the 'A' Ordinary shares.

All subsidiaries are included within the consolidated accounts.

19 Stock and work in progress

Group	2016 £000	2015 £000
Stock of land	**216**	216
Short term work in progress	**3,048**	1,827
Raw materials and consumables	**32**	30
	3,296	2,073

The directors are of the opinion that the market value of stock of land is £1,950,000 (2015: £1,955,000). If stock and work in progress was disposed of at its market value it is estimated that tax of £325,000 (2015: £343,000) would become due.

NOTES TO THE FINANCIAL STATEMENTS

20 Debtors

	2016 Group £000	2016 Company £000	2015 Group £000	2015 Company £000
Trade debtors	11,936	–	7,447	–
Amounts owed by subsidiary undertakings	–	19,153	–	19,390
Deferred tax	2,812	–	2,852	–
Social security and other taxation	822	–	125	–
Other debtors	163,754	–	161,114	–
Prepayments and accrued income	6,519	–	15,733	–
	185,843	19,153	187,271	19,390
Amounts falling due after one year:				
Other debtors	2,177	–	2,700	–
	188,020	19,153	189,971	19,390

Other debtors include £154,484,000 (2015: £151,327,000) due from related parties. Details of these amounts are given in note 32. Included in debtors is an amount of £15,000,000 due from Ringmerit Limited, which is a subordinated loan.

21 Creditors: amounts falling due within one year

	2016 Group £000	2016 Company £000	2015 Group £000	2015 Company £000
Amounts falling due within one year:				
Bank loans and overdrafts	9,193	–	5,810	–
Other loans	11,000	11,000	11,000	11,000
Trade creditors	8,362	–	6,047	–
Amount owed to parent undertaking	42,650	–	46,650	–
Amounts owed to subsidiary undertakings	–	101	–	–
Finance leases	314	–	298	–
Liabilities arising from capitalised head rents	1,278	–	1,310	–
Corporation tax	4,801	–	3,171	–
Other creditors	10,542	–	10,330	–
Accruals and deferred income	26,350	117	24,149	122
Derivative financial instruments	6,977	–	5,478	–
	121,467	11,218	114,243	11,122

The maturity profile of the bank loans is explained further in note 23.

22 Creditors: amounts falling due after more than one year

	2016 Group £000	2016 Company £000	2015 Group £000	2015 Company £000
Amounts falling due after more than one year:				
Bank loans	588,299	–	501,825	–
Finance leases	17,394	–	11,257	–
Liabilities arising from capitalised head rents	37,766	–	37,903	–
Derivative financial instruments	42,820	–	42,058	–
Other creditors	152	–	344	–
	686,431	–	593,387	–

The undiscounted maturity of liabilities arising from capitalised head rents is disclosed in note 29.

NOTES TO THE FINANCIAL STATEMENTS

23 Loans and borrowings

	2016 Group £000	2016 Company £000	2015 Group	2015 Company £000
Analysis of loans				
Bank loans and overdrafts	597,492	–	507,635	–
Finance leases	17,708	–	11,555	–
Other loans	11,000	11,000	11,000	11,000
Loan from parent undertaking	42,650	–	46,650	–
	668,850	11,000	576,840	11,000
Maturity of debt: bank and other loans				
In less than one year or on demand	62,843	11,000	63,460	11,000
In more than one year but not more than two years	28,996	–	8,945	–
In more than two years but not more than five years	464,702	–	397,567	–
In more than five years	94,601	–	95,313	–
	651,142	11,000	565,285	11,000
Maturity of debt: finance leases				
In less than one year	314	–	298	–
In more than one year but less than five years	6,654	–	1,192	–
In more than five years	10,740	–	10,065	–
	17,708	–	11,555	–

Included in loans and borrowings is £42,650,000 (2015: £46,650,000) which is unsecured. The remaining loans and borrowings are secured on investment properties owned by the group and fixed and floating charges over the assets of certain subsidiary undertakings.

London & Cambridge Properties Limited has provided a secured guarantee for payments of principal and interest in respect of the £11,000,000 non-bank loan.

Interest is being incurred on bank loans repayable after more than five years at rates of 2025 Gilts plus 215 basis points and 2028 Gilts plus 205 and 215 basis points.

The non-bank loan of £11,000,000 bears interest at 2017 Gilt plus 125 basis points.

NOTES TO THE FINANCIAL STATEMENTS

24 Financial instruments

The Group has the following financial instruments:

	2016 £000	2015 £000
Financial assets		
Cash	**35,521**	33,101
Financial assets that are debt instruments measured at amortised cost:		
Trade receivables	**11,936**	7,447
Other receivables	**12,760**	13,869
Other investments	**41**	41
	24,737	21,357
Financial liabilities		
Financial liabilities measured at amortised cost:		
Bank loans and overdrafts	**597,492**	507,635
Other loans	**11,000**	11,000
Trade creditors	**8,362**	6,047
Amount owed to parent undertaking	**42,650**	46,650
Finance leases	**17,708**	11,555
Other creditors	**10,694**	10,674
Accruals and deferred income	**26,350**	24,149
	714,256	617,710

	2016 £000	2015 £000
Financial liabilities measured at fair value through profit or loss:		
Derivative financial instruments	**49,797**	42,058

Derivative financial instruments - forward contracts

The Group enters into forward foreign currency contracts held to manage the cash flow exposures of forecasted transactions denominated in foreign currencies. At March 2016, the outstanding contracts all mature within 18 months (2015: 23 months). The Group is committed to buy €45.0 million and pay a fixed sterling amount (2015: €65.0 million).

Derivative financial instruments - interest rate swaps

The Group has entered into interest rate swaps based on principal amounts totalling £213.5 million, €235.7 million and PLN 13.9 million, at varying rates of fixed interest. The instruments are used to hedge the Group's exposure to interest rate movements on bank loans.

The Group has entered into interest rate caps in respect of £15.0 million and €17.5 million of bank loans with an existing UK lender, and €10.0 million of bank loans with another existing UK lender, in order to limit the impact of increases in LIBOR and EURIBOR interest rates.

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

At March 2016, the financial liability greater than five years on the fair value of interest rate swaps was £17.7 million.

NOTES TO THE FINANCIAL STATEMENTS

25 Provision for liabilities

Deferred taxation

The movements in deferred taxation during the current and previous years are as follows:

Group	2016 £000	2015 £000
At 1 April 2015	**18,929**	16,264
Movement in the year		
attributable to the reduction in tax rate	**(1,590)**	(240)
derivative contracts	**(467)**	(3,521)
revaluation of investment properties	**1,756**	6,142
other	**(422)**	245
Exchange adjustment	**(114)**	39
At 31 March 2016 (see below)	**18,092**	18,929
Disclosed as:		
UK deferred tax provision	**20,724**	20,894
European deferred tax provision	**180**	887
Deferred tax provision	**20,904**	21,781
European deferred tax asset (note 20)	**(2,812)**	(2,852)

Deferred taxation provided and unprovided for in the financial statements is set out below.

Group	2016 £000	2015 £000
Corporation tax deferred in respect of:		
accelerated capital allowances	**5,167**	5,012
derivative contracts	**(8,665)**	(9,198)
revaluation of investment properties	**24,102**	24,990
pension scheme	**116**	108
other timing differences	**4**	(18)
UK deferred tax provision	**20,724**	20,894
European timing differences	**180**	887
Deferred tax provision	**20,904**	21,781
Tax losses	**(107)**	(101)
Derivative contracts	**(281)**	(263)
Investment properties	**(1,486)**	(1,026)
Other timing differences	**(938)**	(1,462)
European deferred tax asset	**(2,812)**	(2,852)
At 31 March 2016	**18,092**	18,929

NOTES TO THE FINANCIAL STATEMENTS

25 Provision for liabilities continued

Other provisions

The movements in other provisions during the current and previous years are as follows:

Group	2016 £000	2015 £000
At 1 April 2015	102	300
Released during the year	(102)	(198)
At 31 March 2016	–	102

The other provisions relate to onerous lease obligations.

Pension liability

The Group operates a defined benefit pension scheme. At the balance sheet date the assets of the scheme exceeded the liabilities by £580,000 (2015: assets exceeded liabilities by £538,000) – see note 31.

26 Share capital and reserves

	2016 £000	2015 £000
Authorised		
9,000 Ordinary Shares of 10p each	1	1
110,000 'A' Ordinary Shares of 10p each	11	11
1 'B' Ordinary Share of £599.94	1	1
5,999 Ordinary Non-Voting Shares of £0.00001 each	–	–
	13	13
Allotted, called up and fully paid		
9,000 Ordinary Voting Shares of 10p each	1	1
1 'B' Ordinary Voting Share of £599.94	1	1
5,999 Ordinary Non-Voting Shares of £0.00001 each	–	–
	2	2

Revaluation reserve

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

Reconciliation of exchange differences

	Notes	2016 £000	2015 £000
Exchange adjustments on goodwill	10	–	2
Exchange adjustments on investment property	15	15,736	(19,983)
Exchange adjustments on other tangible fixed assets	16	57	(14)
Exchange adjustments on overseas subsidiaries		(15,270)	18,269
Exchange differences taken to the Statement of Comprehensive Income		523	(1,726)
Opening balance of cumulative exchange differences		1,637	3,363
Closing balance of cumulative exchange differences		2,160	1,637

NOTES TO THE FINANCIAL STATEMENTS

27 Reconciliation of movements in net debt

	2016 £000	2015 £000
Increase/(decrease) in cash	965	(1,658)
Net cash (inflow)/outflow from financing	(67,549)	24,605
Non cash movement	(27)	(106)
	(66,611)	22,841
Effect of foreign exchange (losses)/gains	(22,978)	31,362
Net debt at 31 March 2015	(543,740)	(597,943)
Net debt at 31 March 2016	(633,329)	(543,740)

28 Analysis of changes in net debt

	At 1 April 2015 £000	Cashflows £000	Non-cash Movements £000	Exchange Movements £000	At 31 March 2016 £000
Cash at bank and in hand	33,101	1,000	–	1,340	35,521
Overdraft	(44)	(115)	–	–	(159)
	33,057	965	–	1,340	35,362
Debt due within one year	(63,714)	–	716	–	(62,998)
Debt due after one year	(513,083)	(67,549)	(743)	(24,318)	(605,693)
Net debt	(543,740)	(66,584)	(27)	(22,978)	(633,329)

29 Lease commitments

The Group as lessee

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

	2016 Leasehold Property £000	2016 Other Assets £000	2015 Leasehold Property £000	2015 Other Assets £000
Leases expiring:				
Within one year	1,362	149	1,310	149
Later than one year but not later than five years	5,419	172	5,119	209
After five years	102,884	–	98,618	–
	109,665	321	105,047	358

NOTES TO THE FINANCIAL STATEMENTS

29 Lease commitments continued

The Group as lessor

The Group leases out all of its investment properties under operating leases.

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

	2016 £000	2015 £000
Not later than one year	73,958	64,327
Later than one year but not later than five years	176,598	148,738
Later than five years	166,161	150,846
	416,717	363,911

Property rental income earned during the year was £81.6 million (2015: 76.7 million). No one tenant accounts fo more than 1.5% of annual passing rent. Lease terms vary depending upon the property use and the lease length.

30 Capital commitments

Group	2016 £000	2015 £000
Amounts contracted for but not provided in the accounts	3,089	3,841
Amounts authorised by the directors but not contracted for	4,455	9,599

31 Pension commitments

Composition of the Scheme

The Group operates a defined benefit scheme in the UK, which provides both pensions in retirement and death benefits to members. Pensions benefits are related to the members' final salary at retirement and their length of service.

Since 1 November 2001 the scheme has been closed to new members. Company contributions to the scheme for the year ending 31 March 2017 are expected to be £328,000.

The Group has chosen to adopt the new standard FRS 102. The disclosures shown below adopt this standard for the current period and the prior period has been restated accordingly.

Weighted average assumptions used to determine benefit obligations at	2016	2015
Discount rate	3.65%	3.40%
Inflation assumption (RPI)	3.00%	3.00%
Inflation assumption (CPI)	2.20%	2.20%
Rate of increase in salaries		
Pre 1 April 2011 benefit	3.00%	3.00%
Post 1 April 2011 benefit	2.50%	2.50%
Pre 1997 (Fixed 3%)	3.00%	3.00%
1997 – 2011 (RPI max 5%)	2.90%	2.90%
Post 2011 (RPI max 2.5%)	2.10%	2.10%

Assumed life expectancies on retirement at age 65 are:	As at 31 March 2016	As at 31 March 2015
Retiring today - males	23.9	24.7
Retiring today - females	25.0	26.0
Retiring in 20 years time - males	25.2	26.0
Retiring in 20 years time - females	26.5	27.5

NOTES TO THE FINANCIAL STATEMENTS

31 Pension commitments continued

The assets in the scheme were:	Value at 31 March 2016	Value at 31 March 2015
Asset category		
Equities	8,886	9,117
Bonds	4,268	4,258
Gilts	4,457	4,702
Diversified growth	3,978	4,109
Cash	375	–
	21,964	22,186

The scheme does not hold any ordinary shares issued or property occupied by London & Cambridge Properties Group.

The actual return on assets over the period was:	(479)	2,423
Present value of funded obligations	21,384	21,648
Fair value of scheme assets	21,964	22,186
Surplus in funded scheme	580	538
Surplus	580	538
Net surplus in balance sheet	580	538

	2016 £000	2015 £000
Reconciliation of opening and closing balances of the present value of the scheme liabilities		
Benefit obligation at beginning of year	21,648	17,998
Current service cost	432	337
Interest cost	734	790
Contributions by scheme participants	125	126
Actuarial (gains)/losses	(1,306)	2,926
Benefits paid	(249)	(529)
	21,384	21,648
Reconciliation of opening and closing balances of the fair value of the scheme assets		
Fair value of plan assets at beginning of year	22,186	19,491
Interest income on scheme assets	759	864
Return on assets, excluding interest income	(1,238)	1,559
Contributions by employers	381	675
Contributions by scheme participants	125	126
Benefits paid	(249)	(529)
Fair value of plan assets at end of year	21,964	22,186
The amounts recognised in the income statement are:		
Service cost - including current service costs, past service costs and settlements	432	344
Net interest income on the net defined benefit liability	(25)	(81)
Total expense	407	263

NOTES TO THE FINANCIAL STATEMENTS

31 Pension commitments continued

	2016 £000	2015 £000
Remeasurements of the net defined benefit liability (asset) to be shown in OCI:		
Actuarial (gains)/losses on the liabilities	**(1,306)**	2,926
Return on assets, excluding interest income	**1,238**	(1,559)
Deferred tax on actuarial (gains)/losses	**(8)**	–
Total remeasurement of the net defined benefit liability (asset) to be shown in OCI	**(60)**	1,367

Estimation of next year's income statement:

	31 March 2017 £000	31 March 2016 £000
Service cost - including current service costs, past service costs and settlements	**351**	432
Net interest income on the net defined benefit liability	**(27)**	(25)
Total expense	**324**	407

32 Related party transactions

The Company has taken advantage of the exemptions granted within FRS 102 for disclosures relating to consolidated accounts.

The Group has provided loan facilities during the year to the following related parties:

	Loan Facility	Amount drawn at 31 March 2016	Amount drawn at 31 March 2015
Ringmerit Limited	**£140,000,000**	**£24,077,935**	£32,327,449

The loans are available in Sterling or optional currencies and bear interest at a rate of 3.05% above LIBOR for Sterling and 3.05% above the relevant three month optional currency rate; they are unsecured and at the balance sheet date the loans were drawn in Sterling and Euros.

Under Financial Conduct Authority regulations, £15,000,000 of this loan facility has been subordinated.

	Loan Facility	Amount drawn at 31 March 2016	Amount drawn at 31 March 2015
Paris Properties SARL	**£126,916,550**	**£126,916,550**	£115,815,255
SAS Concours	**£15,856,656**	**£3,490,050**	£3,184,778

The Paris Properties SARL loan is unsecured and bears interest at 4.5% above Euribor. The SAS Concours loan is unsecured and bears interest at 6.5%.

These loans are designated in Euros. Interest has been paid during the year in accordance with the agreements.

NOTES TO THE FINANCIAL STATEMENTS

32 Related party transactions continued

The interest receivable during the year and the amount outstanding at the year end were as follows:

	Interest receivable 2016 £	Interest receivable 2015 £	Debtors 2016 £	Debtors 2015 £
Ringmerit Limited	**1,008,093**	2,052,182	**200,940**	367,197
Paris Properties SARL	**5,349,155**	5,793,506	**1,372,166**	1,319,674
SAS Concours	**215,851**	223,219	**57,343**	51,753
	6,573,099	8,068,907	**1,630,449**	1,738,624

Mr C MacDonald-Hall, Mr J D Chandris and Mr M D Chandris are directors of Ringmerit Limited. Mr C MacDonald-Hall is a shareholder of Ringmerit Limited.

Paris Properties SARL and SAS Concours are French property owning companies which are wholly owned by Ringmerit Limited.

The Group has loans totalling £42,650,000 (2015: £46,650,000) from Leathbond Limited, its immediate parent undertaking. The loans are to assist with the purchase of investment properties and bear interest at rates of 1.8% over LIBOR.

The interest payable during the year and the amount outstanding at the year end were as follows:

	Interest Payable 2016 £	Interest Payable 2015 £	Creditors 2016 £	Creditors 2015 £
Leathbond Limited	**1,076,305**	1,201,785	**92,417**	125,366

During the year the Group charged helicopter chartering fees to subsidiaries of Ringmerit Limited, Proudreed Limited and Sheet Anchor Properties Limited, companies in which Mr C MacDonald-Hall is both a shareholder and director. The income (charter rates on normal commercial terms) was as follows:

	2016 £	2015 £
Ringmerit Limited	**36,455**	17,480
Proudreed Limited	**15,180**	7,283
Sheet Anchor Properties Limited	**27,193**	27,947

NOTES TO THE FINANCIAL STATEMENTS

32 Related party transactions continued

During the year the Group charged management fees to subsidiaries of Proudreed Limited and Sheet Anchor Properties Limited, companies in which Mr C MacDonald-Hall is both a shareholder and director, Leathbond Limited the immediate parent undertaking and The Skelmersdale Limited Partnership, the joint venture of which the Group owns 50%. The income during the year and the amount outstanding at the year end were as follows:

	Management fee income 2016 £	Debtors 2016 £
Proudreed Limited	135,855	–
Sheet Anchor Properties Limited	557,833	187,059
Leathbond Limited	58,669	–
The Skelmersdale Limited Partnership	100,800	–

The Group sold a car to a director during the year at an open market value of £37,900, which was received in full post year end.

33 Ultimate parent undertaking

The immediate parent undertaking at 31 March 2016 was Leathbond Limited, a company incorporated in England and Wales. Leathbond Limited is the parent of the smallest and largest group of undertakings for which consolidated accounts are drawn up and of which London & Cambridge Properties Limited is a member. The consolidated financial statements of these groups are available to the public and may be obtained from Michael Simkins LLP, Lynton House, 7-12 Tavistock Square, London WC1H 9LT. In the opinion of the directors the ultimate parent undertaking is Silver Bay Enterprises Limited. There is no single controlling party.

34 First time adoption of FRS 102

The company has adopted FRS 102 for the year ended 31 March 2016 and has restated the comparative prior year amounts.

Explanations

a Rent free period for operating leases
Under previous UK GAAP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent.

FRS 102 requires such incentives to be spread over the lease period. The company has taken advantage of the exemption for existing leases at the transition date to continue to recognise these lease incentives on the same basis as previous UK GAAP. Accordingly the FRS 102 accounting policy has been applied to new operating leases entered into since 1 April 2014. Under FRS 102 head leases must be included in creditors rather than netted off against the leasehold property value, the value of the transfer is £12,257,054 for the year to 31 March 2015.

b Deferred taxation
Revaluation of land and buildings – under previous UK GAAP the company was not required to provide for taxation on revaluations, unless the company had entered into a binding sale agreement and recognised the gain or loss expected to arise. Under FRS 102 deferred taxation is provided on the temporary difference arising from the revaluation. For the year to 31 March 2015 the movement in the liability is £6,155,541.

c Loan amortisation
On the Aviva loan, amortisation of £95,592 has been charged for 2015, with a reversal of prepaid fees of £65,308 in March 2015 to include costs on an amortised cost basis using the effective rate of return method.

d Other debtors
Other debtors include amounts due from related parties previously disclosed as due greater than one year. These amounts due are now deemed to be repayable on demand and have therefore been reclassified as amounts due in less than one year.

e Capitalised head rents
Under FRS 102 leasehold investment propertry is fair valued. External professional valuers deduct the present value of any future lease payments when valuing property. The lease liability therefore has to be recognised by grossing up investment property. There is no impact to shareholder funds, however, the effect of recognising the liability has increased investment property and liabilities by £39,213,103 at March 2015.

f Recognition of service charge income as turnover
Under FRS 102, tenant contributions to service charge costs, (where the landlord is acting as a principal), should be recognised as turnover. Although there is no impact on shareholder funds, reported turnover and cost of sales are significantly changed. This recognition has resulted in turnover for the year ended 31 March 2015 being increased by £10,621,000.

NOTES TO THE FINANCIAL STATEMENTS

34 First time adoption of FRS 102 continued

Transition to FRS 102 - reconciliations

Restated statement of financial position

	Shareholders' funds 31 March 2015 £000	Shareholders' funds 1 April 2014 £000
As restated under former UK GAAP	586,575	530,386
Transitional adjustments		
Deferred tax recognised on revaluations of investment property	(24,664)	(18,645)
Deferred tax recognised on derivatives	9,508	5,986
Recognition of derivatives held at fair value	(47,536)	(28,558)
Change in period for recognising lease incentives relating to new leases after date of transition (net of tax)	6	–
Change in period for recognising loan amortisation (net of tax)	(21)	3
Recognition of significant components of plant and machinery (net of tax)	(15)	(8)
Change in fair value of listed investments	2	2
FRS 102	523,855	489,166

Restated profit for the year

	2015 £000	2015 £000
Original profit on ordinary activities after tax under UK GAAP		30,323
Revaluation of investment property	41,519	
Financial instruments at fair value	(18,978)	
Share of revaluation in joint venture	50	
Recognition of lease incentives	7	
Recognition of loan amortisation	(30)	
Recognition of significant components of plant and machinery	(6)	
Restatement of components of group pension scheme	(98)	
Change in fair value of listed investments	–	
Total adjustment to profit before taxation for the financial year		22,464
Deferred tax on revaluation of investment property	(6,019)	
Deferred tax on financial instruments at fair value	3,522	
Deferred tax on significant components of plant and machinery	(1)	
Corporation tax on lease incentives	(1)	
Corporation tax on loan amortisation	7	
Total adjustment to tax expenses		(2,492)
Restated profit for the financial year under FRS 102		50,295

NOTES TO THE FINANCIAL STATEMENTS

34 First time adoption of FRS 102 continued

Company

Restated statement of financial position

	Shareholders' funds 31 March 2015 £000	Shareholders' funds 1 April 2014 £000
As restated under former UK GAAP	**53,042**	55,885
Transitional adjustments		
Restatement of amounts owed from subsidiary undertakings greater than one year	**(19,153)**	(19,153)
Restatement of amounts owed from subsidiary undertakings less than one year	**19,153**	19,153
	53,042	55,885

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF LONDON & CAMBRIDGE PROPERTIES LIMITED

We have audited the financial statements of London and Cambridge Properties Limited for the year ended 31 March 2016 on pages 15 to 43. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, '*The Financial Reporting Standards applicable in the UK and the Republic of Ireland*'.

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the group's profit for the year then ended;

the group financial statements 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us;

or

the parent company 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.

Richard Hutchinson (Senior Statutory Auditor)
for and on behalf of

Rothmans Audit LLP
Chartered Accountants & Statutory Auditors
24 Park Road South
Havant
Hampshire
PO9 1HB

14 October 2016

Mila, Lubraniec, Poland

Forge Corner, Blaby, Leicestershire

TEN YEAR FINANCIAL SUMMARY

	£000 2016	£000 2015	£000 2014	£000 2013	£000 2012	£000 2011	£000 2010	£000 2009	£000 2008	£000 2007
Summarised Profit and Loss Accounts										
Group turnover	87,919	82,519	89,790	88,244	87,220	87,374	87,739	87,741	83,752	79,594
FRS 102 adjustments to turnover	10,511	10,628	–	–	–	–	–	–	–	–
Statutory Group turnover	**98,430**	**93,147**	**89,790**	**88,244**	**87,220**	**87,374**	**87,739**	**87,741**	**83,752**	**79,594**
Profit before taxation	41,988	38,131	43,177	38,884	41,304	34,206	37,270	38,823	36,518	36,570
FRS 102 adjustments	28,162	22,535	–	–	–	–	–	–	–	–
Statutory profit before taxation	**70,150**	**60,666**	**43,177**	**38,884**	**41,304**	**34,206**	**37,270**	**38,823**	**36,518**	**36,570**
Taxation	(7,991)	(10,371)	(10,530)	(9,338)	(8,888)	(8,726)	(9,998)	(14,489)	(13,519)	(4,397)
Profit after taxation	62,159	50,295	32,647	29,546	32,416	25,480	27,272	24,334	22,999	32,173
Dividends paid	(10,000)	(12,500)	(1,250)	(5,000)	(2,500)	–	(1,000)	(11,000)	(22,000)	(22,000)
Underlying profit	**42,935**	**35,458**	**38,095**	**36,769**	**41,509**	**38,117**	**41,869**	**35,892**	**33,531**	**31,876**
Summarised Cash Flow Statements										
Net cash inflow/(outflow) from operating activities	**68,792**	**58,150**	**59,914**	**56,698**	**74,330**	**53,820**	**50,503**	**34,496**	**51,697**	**(29,980)**
Cash (outflow)/inflow from investing activities	(105,144)	5,251	52,504	(1,182)	(1,948)	4,091	12,741	11,704	(31,850)	(51,862)
Cash inflow/(outflow) from financing activities	37,317	(65,059)	(105,526)	(66,190)	(58,391)	(59,534)	(58,941)	(44,388)	(22,599)	79,259
Increase/(decrease) in cash	**965**	**(1,658)**	**6,892**	**(10,674)**	**13,991**	**(1,623)**	**4,303**	**1,812**	**(2,752)**	**(2,583)**
Summarised Balance Sheets										
Investment properties and other fixed assets	**1,138,740**	**988,289**	**960,015**	**997,963**	**1,011,898**	**1,055,891**	**1,031,394**	**976,855**	**1,122,479**	**1,093,120**
Other assets	227,417	225,183	255,681	262,073	281,526	308,856	317,985	334,843	286,182	253,007
Debt due within one year	(20,348)	(17,064)	(128,472)	(86,805)	(72,651)	(11,182)	(43,561)	(341,554)	(11,000)	(80,915)
Debt due after one year	(605,693)	(513,083)	(447,708)	(554,380)	(584,102)	(672,770)	(667,352)	(404,287)	(683,175)	(544,172)
Amount due to parent undertaking	(42,650)	(46,650)	(57,650)	(59,650)	(70,217)	(80,283)	(81,850)	(81,650)	(65,150)	(46,750)
Other creditors	(57,676)	(50,283)	(51,676)	(50,474)	(50,790)	(58,996)	(57,971)	(64,539)	(70,426)	(53,711)
Subtotal	639,790	586,392	530,192	508,727	515,664	541,516	498,645	419,668	578,910	620,579
FRS 102 adjustments	(63,391)	(62,720)	(41,220)	–	–	–	–	–	–	–
Net assets	**576,399**	**523,672**	**488,970**	**508,727**	**515,664**	**541,516**	**498,645**	**419,668**	**578,910**	**620,579**
Represented by:										
Shareholders' funds	**576,399**	**523,672**	**488,970**	**508,727**	**515,664**	**541,516**	**498,645**	**419,668**	**578,910**	**620,579**
	Investment properties and other fixed assets are shown above net of FRS 102 adjustments for capitalised head leases									
Shown on a current accounting basis	**1,177,784**	**1,027,502**	**986,967**	–	–	–	–	–	–	–

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