

Company number 00488914

LMS Properties Limited
Directors' report and financial statements
31 December 2010



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Directors

J D Burns
N Q George
S P Silver
D G Silverman
P M Williams
D M A Wisniewski

Secretary and registered office

T J Kite
25 Savile Row
London
W1S 2ER

Company number

488914

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Directors' report

Principal activities and future developments

The Company is a property investment company. The directors foresee no material change in the nature of the Company's activities.

Financial review and dividends

The results for the year are set out in the profit and loss account on page 4.
The directors do not recommend payment of a dividend (2009: £nil).

Charitable and political contributions

There were no charitable donations or political contributions in the year (2009: £nil).

Directors

The directors who held office during the year were as follows:

J D Burns

N Q George

C J Odom (resigned 1 February 2010)

S P Silver

D G Silverman

P M Williams

D M A Wisniewski (appointed 1 February 2010)

Disclosure of information to auditors

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

Business review exemption

This report has been prepared in accordance with the special provisions for small companies under Part 15 and section 417(1) of the Companies Act 2006.

Auditors

BDO LLP have expressed their willingness to continue in office. Under the Companies Act 2006 section 487(2) they will be automatically re-appointed as auditors 28 days after these accounts are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 period.

In preparing those 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 have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

By order of the board



T J Kite
Secretary
25 Savile Row
London
W1S 2ER

16 June 2011

Independent auditors' report to the members of LMS Properties Limited

We have audited the financial statements of LMS Properties Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, the note of historic costs and the related notes. 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).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit 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.

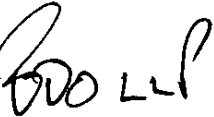
Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the directors' report in accordance with the small companies' regime.



Richard Kelly (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

16 June 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

LMS Properties Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 £	2009 £
Net property income	3	52,259	386,218
Other income		-	423
Administrative expenses		-	(29)
		<hr/>	<hr/>
Operating profit		52,259	386,612
Interest receivable and similar income	5	276,132	-
Interest payable and similar charges	6	(32,728)	-
		<hr/>	<hr/>
Profit on ordinary activities		295,663	386,612
		<hr/>	<hr/>
Profit for the year after tax		295,663	386,612
		<hr/>	<hr/>
All amounts relate to continuing activities			

The notes on pages 7 to 11 form part of these financial statements

LMS Properties Limited

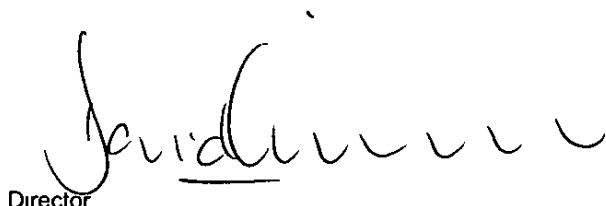
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Balance sheet

at 31 December 2010

	Note	2010 £	2009 £
Non-current assets			
Tangible assets	8	-	4,750,000
		-	4,750,000
Current assets			
Cash at bank and in hand		-	100,000
Debtors falling due within one year	9	5,267,101	1,082,760
		5,267,101	1,182,760
Current liabilities			
Creditors falling due within one year	10	(32,964)	(994,286)
		5,234,137	188,474
Net current assets		5,234,137	188,474
		5,234,137	4,938,474
Capital and reserves			
Called up share capital	11	50	50
Revaluation reserve	12	-	3,270,741
Profit and loss account	12	5,234,087	1,667,683
		5,234,137	4,938,474
Equity shareholders' funds		5,234,137	4,938,474

These financial statements were approved by the board of directors on 16 June 2011 and were signed on its behalf by



Director

D.G. SILVERMAN

The notes on pages 7 to 11 form part of these financial statements

LMS Properties Limited

1 Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, as modified by the revaluation of certain properties and in accordance with the Companies Act 2006

Under FRS 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent undertaking includes the Company in its own published consolidated financial statements

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

2 Accounting policies

Net rental income

Rental income is recognised on an accruals basis. Rent increases arising from rent reviews are recognised as income when, either such reviews have been settled with tenants or, based on estimates, it is reasonable to assume they will be received

Investment properties

Tangible assets consist solely of investment properties and, as defined by SSAP 19, are revalued annually by independent valuers in accordance with the Valuation Standards published by The Royal Institution of Chartered Surveyors and are included in the balance sheet on the basis of market value less the UITF 28 lease incentive debtor. The aggregate surplus or deficit arising from such revaluation is transferred to the revaluation reserve. However, if on an individual property, a deficit arising from a valuation below cost is expected to be permanent, it is charged to the profit and loss account with any subsequent reversal being credited to the same

A property in the course of development is stated at its value at the time it was so designated, plus subsequent development costs less any impairment. All outgoings, excluding interest, which can be fairly attributed to a development, are considered development costs. The property is revalued once the certificate of practical completion has been issued

Disposal of properties

The disposal of investment properties is accounted for on completion of contract. On disposal, any gain or loss is calculated by reference to the valuation at the last year end plus subsequent additions during the year

Interest and other outgoings on property developments

Interest and other outgoings on vacant properties prior to redevelopment are treated as revenue expenditure and written off as incurred. Interest costs on properties in development are written off as incurred

Taxation

The charge for taxation is based on the profit 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, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

3 Net rental income from investment properties

	2010 £	2009 £
Gross rental income	55,118	401,406
Property outgoings less amounts recovered from tenants	(2,859)	(15,188)
	<u>52,259</u>	<u>386,218</u>

4 Operating profit

Audit fees are paid by Derwent London plc

The Company does not have any employees (2009 nil) and there were no directors' emoluments (2009 £nil)

5 Interest receivable and similar income

	2010 £	2009 £
Other	59	-
Intercompany Interest	276,073	-
	<u>276,132</u>	<u>-</u>

6 Interest payable and similar charges

	2010 £	2009 £
Intercompany interest	32,728	-
	<u>32,728</u>	<u>-</u>

7 Tax on profit on ordinary activities

There is no tax arising on the result for the year (2009 nil)

Factors affecting the tax for the year

The current tax charge for the period is lower (2009 lower) than the standard rate of corporation tax in the UK. The differences are explained below

	2010 £	2009 £
Current tax reconciliation		
Profit on ordinary activities before taxation	295,663	386,612
Current tax at 28% (2009 28%)	82,786	108,251
Effects of		
REIT exempt income	(11,915)	(83,096)
Group relief claimed not paid	(69,097)	(12,760)
Transfer pricing adjustment	(1,774)	(12,395)
Current tax charge for the year	-	-

8 Tangible Assets

Investment Properties

	Long leasehold £	Total £
Valuation		
Market value at 1 January 2010	4,750,000	4,750,000
Disposals	(4,750,000)	(4,750,000)
At 31 December 2010	-	-
Valuation		
Market value at 1 January 2009	5,250,000	5,250,000
Revaluation	(500,000)	(500,000)
At 31 December 2009	4,750,000	4,750,000
Historical cost of revalued assets		£
At 31 December 2009		1,479,258

The investment properties were revalued at 31 December 2009 by external valuers, CB Richard Ellis Limited, on the basis of market value as defined by the Valuation Standards published by The Royal Institution of Chartered Surveyors

Properties with a value of £nil (2009 £4,750,000) are secured against borrowings of fellow group undertakings

9 Debtors

	2010 £	2009 £
Falling due within one year		
Amounts due from group undertakings	5,203,653	1,010,605
Trade debtors	536	8,100
Other debtors	15,449	44,219
Taxation and social security	48	50
Prepayments and accrued income	47,415	19,786
	<hr/>	<hr/>
	5,267,101	1,082,760
	<hr/>	<hr/>

10 Creditors

	2010 £	2009 £
Falling due within one year		
Amounts owed to group undertakings	32,728	889,379
Other creditors	236	236
Accruals and deferred income	-	104,671
	<hr/>	<hr/>
	32,964	994,286
	<hr/>	<hr/>

11 Called up share capital

	2010 £	2009 £
Authorised		
1000 ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
50 ordinary shares of £1 each	50	50
	<hr/>	<hr/>

12 Reserves

	Profit and loss account £	Revaluation reserve £
At 1 January 2010	1,667,683	3,270,741
Profit for the financial year	295,663	-
Surplus realised on sale of investment properties	3,270,741	(3,270,741)
	<hr/>	<hr/>
At 31 December 2010	5,234,087	-
	<hr/>	<hr/>

13 Reconciliation of movements in equity shareholders' funds

	2010 £	2009 £
Profit for the financial year	295,663	386,612
Other recognised gains and losses relating to the year	-	(500,000)
Net movement in shareholders' funds	295,663	(113,388)
Opening shareholders' funds	4,938,474	5,051,862
Closing shareholders' funds	5,234,137	4,938,474

14 Related party transactions

As a wholly owned subsidiary of Derwent London plc the Company has taken advantage of the exemption contained in FRS 8 "Related party disclosures" and has therefore not disclosed transactions or balances with entities which form part of the group

15 Parent company

The Company's immediate parent undertaking is London Merchant Securities Limited, a company incorporated in England and Wales

The Company's ultimate parent company is Derwent London plc, a company incorporated in England and Wales, whose registered office is at 25 Savile Row, London, W1S 2ER. Copies of the consolidated group accounts can be obtained from this address