Trenport Investments Limited
(registered number: 1265480)

Annual Report and financial statements
for the year ended 30 June 2018

Trenport Investments Limited

Strategic report for the year ended 30 June 2018
(registered number: 1265480)

The directors present their strategic report for Trenport Investments Limited ("the company") and its subsidiaries ("the group") for the year ended 30 June 2018.

Principal activities

The company and group owns a portfolio of residential and commercial properties. The group made an operating profit of £13.3million (2017: profit £3.6 million). This is largely due to sales at the Eurolink V and Peters Village development.

The value of development land, including acquisitions, work in progress and after disposals during the period is carried in the financial statements as inventory at its cost or net realisable value of £31.6 million (2017: £51.7 million). The directors believe that the open market value of its inventories continues to be in the order of £53 million (2017: £80 million). The decline in value is due to the disposal of stock during the year.

A key performance indicator is the net asset position of the group. The value of the net assets at 30 June 2018 was £30.3 million (2017: £17.4 million). The financial position of the group is set out in the Balance sheet on page 10. The increase in net assets is due to the profitable disposal of land which has been used largely to pay off bank debt.

Principal risks and uncertainties

The management of the business and execution of the group's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to be the process and time taken to meet all planning regulations in order to bring development land to the market.

The group's activities expose it to a variety of financial risks, including credit risk, liquidity risk and interest rate and cash flow risk. The group's overall financial risk management objective is to minimise its potential adverse effects on the financial performance of the group.

(a) Credit risk

Credit risk arises from the cash streams of the property portfolios which it owns and manages. The amounts presented in the group balance sheet are net of allowances for doubtful receivables, estimated on prior experience and assessment of the current economic climate.

(b) Liquidity risk

The group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities and to maintain sufficient funding requirements for working capital. The group has debt facilities that are designed to ensure it has sufficient available funds for operations and planned expansions.

(c) Interest rate cash flow risk

The group has interest bearing liabilities which consist of external loan commitments.

Business review

Eurolink, Sittingbourne, Kent

In January 2016 the group was awarded planning consent for the fifth and last phase of its industrial land at Sittingbourne. Eurolink V extends to 26.6 acres (net developable) of consented land for employment use, which the group controls 78% by value. The existing Eurolink industrial park is 200 acres in total and is the largest park of its type in Kent, employing in excess of 6,000 people. The first three plots of Eurolink V have now completed with a further 13.0 acres to be sold over the coming year.

East Hall Park, Sittingbourne, Kent

The group has sold its residential development at East Hall Park in Sittingbourne, Kent but retains a share in the proceeds of all future sales. To date, the house builders have completed and sold 663 houses. The Group will earn further income on 101 of these when the houses are built and sold.

Business review (continued)

Peters Village and The Medway-East Bank, Kent

In May 2014 the group entered into the agreements with its contractors and financers to commence its residential development at Peters Village on the east bank of the Medway river near Burham, Kent. In order to comply with Town Planning requirements and improve communications between the east and west banks of the River Medway, a new bridge over the river was constructed, together with the infrastructure required to facilitate the proposed housing development. The bridge was completed in September 2016. The cost of the bridge and infrastructure to facilitate the sale of residential land is projected at £58 million.

The company has received a £19.5 million loan facility from the Local Infrastructure Fund established by the Government's Homes and Communities Agency to expedite delivery of large housing developments.

The net developable area at Peters Village covers 86.61 acres and has consent for up to 1,000 residential units, together with the associated educational and leisure facilities, including 27.43 acres set aside for public open space/recreation. The Group plans commenced the marketing of parcels of land to house builders in March 2016. The first new homes have been completed and the development of Peters Village is expected to have been completed by the end of 2023.

At the year end, the company had completed sales of land for 450 new homes and is in negotiations to complete on a further sale of land for 150 new homes in 2019.

Other development opportunities and future developments

The group has a number of sites, mainly in the Midlands and South East of England where it is engaged in promoting them for residential and employment use with the respective local authorities. Major developments include sites for 575 new homes at Nuneaton, Warwickshire, together with a mixed use scheme development of approximately 300 new homes and 25 acres of employment land at Teynham near Sittingbourne, Kent.

The group has an on-going strategy for the disposal of its development land and any residual land which has little or no prospect of securing planning consent for development in the foreseeable future.

Going concern

In determining whether the company's accounts can be prepared on a going concern basis, the directors considered the company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities. These are set out within the Report of the directors.

After making appropriate enquiries, and on the basis that the company has the support of its parent company, Shop Direct Holdings Limited, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in the preparation of the Annual Report and financial statements.

By order of the board

S Heycock
Director
29 October 2018

Trenport Investments Limited

Report of the directors for the Year ended 30 June 2018
(registered number: 1265480)

This report contains the statutory information disclosed in addition to that set out in the separate Strategic report. Information relating to the future development of the business, principal risk and uncertainties and going concern which would otherwise be included in the Report of the directors, is included in the Strategic report.

Directors

The directors of the company during the year ended 30 June 2018 and up to the date of signing the financial statements were:

A S Barclay	
C D Hall	
R J Hall	
S Heycock	
N J Hopper	appointed 2 April 2018
D Horner	resigned 29 December 2017
R K Mowatt	resigned 2 April 2018
P L Peters	
M Seal	

Dividends

The directors do not recommend the payment of a dividend (2017: Nil).

Employees' involvement

The company and group have continued to maintain the commitment to employee involvement throughout the business. Employees are kept well informed of the performance and objectives of the company and group through personal briefings, regular meetings and e-mail.

Equal opportunities

The company is committed to an active equal opportunities policy from recruitment and selection, through training and development, appraisal and promotion to retirement.

It is the company's policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, colour, ethnic or national origin, disability, age, marital status, sexual orientation or religion. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit.

The company is responsive to the needs of its employees, customers and the community at large and are an organisation that endeavours to use everyone's talents and abilities to the full.

Report of the directors for the Year ended 30 June 2018 (continued)
(registered number: 1265480)

Disclosure of information to auditors

Each of the persons who are directors at the time when the Report of the directors' is approved has confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the company's and group's auditors are unaware; and
- the directors have taken all the steps that they ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's and group's auditors are aware of that information.
- This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to continue in office, pursuant to section 487 of the Companies Act 2006.

By order of the board

S Heycock
Director
29 October 2018

Trenport Investments Limited

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make 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 group and company'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.

Independent auditors' report to the directors of Trenport Investments Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Trenport Investments Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the consolidated statements of changes in equity;
- the parent company balance sheet;
- the parent company statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Independent auditors' report to the directors of Trenport Investments Limited (continued)

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in respect of these matters.

Responsibilities of directors
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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Report of the directors.

Independent auditors' report to the directors of Trenport Investments Limited (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

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

Rachel Argyle

Rachel Argyle (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
12 November 2018

Trenport Investments Limited

Consolidated statement of comprehensive income for the year ended 30 June 2018

	NOTE	2018 £'000	2017 £'000
Turnover		**40,717**	14,634
Cost of sales		**(26,985)**	(10,581)
Gross profit		**13,732**	4,053
Administrative expenses		**(445)**	(471)
Operating profit	*5*	**13,287**	3,582
Net interest payable and similar charges	*8*	**(406)**	(819)
Profit before taxation		**12,881**	2,763
Taxation	*9*	**-**	-
Profit and total comprehensive income for the financial year		**12,881**	2,763

All of the above results are derived from continuing operations.

The notes on pages 14 to 24 are an integral part of these financial statements.

Trenport Investments Limited

Consolidated balance sheet as at 30 June 2018
(registered number: 1265480)

	NOTE	2018 £'000	2017 £'000
Fixed assets			
Tangible assets	11	**497**	509
Current assets			
Inventories	13	**31,633**	51,673
Debtors: amounts falling due within one year	14	**11,767**	267
Cash at bank and in hand		**11,018**	2,325
		54,418	54,265
Creditors: amounts falling due within one year	15	**(2,504)**	(14,866)
Net current assets		**51,914**	39,399
Total assets less current liabilities		**52,411**	39,908
Creditors: amounts falling due after more than one year	16	**(22,090)**	(22,468)
Net assets		**30,321**	17,440
Capital and reserves			
Called up share capital	18	**3,152**	3,152
Retained earnings		**27,169**	14,288
Total shareholders' funds		**30,321**	17,440

The notes on pages 14 to 24 are an integral part of these financial statements.

The consolidated financial statements on pages 9 to 24 were approved by the board of directors on 29 October 2018 and signed on its behalf by:

S Heycock
Director

Trenport Investments Limited

Consolidated statement of changes in equity as at 30 June 2018

	Called up share capital £'000	Retained Earnings £'000	Total equity £'000
At 01 July 2016	3,152	11,525	14,677
Profit for the financial year and total comprehensive income	-	2,763	2,763
At 30 June 2017	**3,152**	**14,288**	**17,440**
Profit for the financial year and total comprehensive income	-	12,881	12,881
At 30 June 2018	**3,152**	**27,169**	**30,321**

Trenport Investments Limited

Company balance sheet as at 30 June 2018

	NOTE	2018 £'000	2017 £'000
Fixed assets			
Investment in subsidiary undertakings	12	35,200	35,200
Tangible assets	11	-	-
		35,200	35,200
Current assets			
Inventories	13	4,261	3,912
Debtors: amounts falling due within one year	14	3,473	880
Cash at bank and in hand		13	25
		7,747	4,817
Creditors: amounts falling due within one year	15	(48,705)	(45,052)
Total assets less current liabilities and net current liabilities		(40,958)	(40,235)
Net liabilities		(5,758)	(5,035)
Capital and reserves			
Called up share capital	18	3,152	3,152
Accumulated losses		(8,910)	(8,187)
Total shareholders' deficit		(5,758)	(5,035)

Company statement of changes in equity as at year ended 30 June 2018

	Called up share capital £'000	Accumulated losses £'000	Total equity £'000
At 30 June 2016	3,152	(8,173)	(5,021)
Loss for the financial year and total comprehensive loss	-	(14)	(14)
At 30 June 2017	3,152	(8,187)	(5,035)
Loss for the financial year and total comprehensive loss	-	(723)	(723)
At 30 June 2018	3,152	(8,910)	(5,758)

The notes on pages 14 to 24 are an integral part of these financial statements.

The financial statements for Trenport Investments Limited, company number 1265480 are presented on pages 9 to 24 and were approved by the board of directors on 29 October 2018 and were signed on its behalf by:

S Heycock
Director

Trenport Investments Limited

Information on consolidated cash flows
for the Year ended 30 June 2018

Reconciliation of operating profit to net cash inflow from operating activities:

	2018	2017
	£'000	£'000
Operating profit	13,287	3,582
Depreciation	12	18
Decrease in inventories	20,040	5,743
(Increase)/decrease in debtors	(11,500)	13
Decrease in creditors	(2,699)	(689)
Net cash inflow from operating activities	19,140	8,667

Consolidated statement of cash flows for the Year ended 30 June 2018

	2018	2017
	£'000	£'000
Net cash inflow from operating activities	19,140	8,667
Interest paid	(417)	(822)
Net cash generated in operating activities	18,723	7,845
Cash flow from investing activities		
Interest received	11	3
Net cash generated in investing activities	11	3
Cash flow from financing activities		
Decrease in borrowings	(10,041)	(11,121)
Net cash outflow generated from financing activities	(10,041)	(11,121)
Net increase/(decrease) in cash and cash equivalents	8,693	(3,273)
Cash and cash equivalents at beginning of year	2,325	5,598
Cash and cash equivalents at end of year	11,018	2,325
Cash and cash equivalents are made up of:		
Cash at bank and in hand	11,018	2,325

Notes to the consolidated financial statements for the Year ended 30 June 2018

1 General information

Trenport investments Limited is a property trading and development company and the parent of a number of subsidiary companies (see note 20). The accounts are drawn up to the Saturday nearest to 30 June, or to 30 June where this falls on a Saturday

The company is a private limited company, limited by shares and registered in England and Wales. The company's registered office is 2nd Floor, 14 St George Street, London, United Kingdom, W1S 1FE. The principal activities of the company and its subsidiaries are set out in the Strategic report on pages 1 and 2.

The functional and presentational currency of the company is considered to be pound sterling because that is the currency of the primary economic environment in which the company operates.

2 Statement of compliance

The individual and group financial statements of Trenport Investments Limited are prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 Statement of accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all the years/periods presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with the Companies Act 2006 and with applicable accounting standards in the United Kingdom under the historical cost convention on the going concern basis. The principal accounting policies, which are set out below, have been applied consistently across the group and any profits or losses on intra group transactions have been eliminated.

The accounts are drawn up to the Saturday nearest to 30 June, or to 30 June where this falls on a Saturday.

Going concern

In determining whether the company's accounts can be prepared on a going concern basis, the directors considered the company's business activities together with factors likely to affect its future development, performance and its financial position including cash flows, liquidity position and borrowing facilities and the principal risks and uncertainties relating to its business activities. These are set out within the Strategic report.

The financial statements have been prepared on a going concern basis which assumes that the company will continue to trade. The shareholders have indicated that they will continue to make sufficient funds available to ensure that the company will be able to trade for the foreseeable future. On this basis the directors consider the going concern basis of preparation as appropriate.

Turnover
Turnover generated, solely in the United Kingdom, comprises two principal components;
Land and buildings sales
Turnover, which excludes value added tax, represents sales of residential and commercial land and buildings. Turnover, including overage income, is recognised as cash is received, due to the uncertainty over future sale value and timing of completion.
Rental income
Turnover, which excludes value added tax, represents rent on both a short term and long term basis of residential and commercial land and buildings owned by the group. Turnover is recognised on an accrual basis.

3 Statement of accounting policies (continued)

Turnover (continued)
The amount of turnover per component across the group is as follows:

	2018 £'000	2017 £'000
Land and building sales	**40,160**	14,102
Rental income	**557**	532

Interest receivable and similar income
Interest receivable comprises the income received from monies held in its bank accounts. Income is recognised in the profit and loss account in the period to which it relates.

Financing costs
Arrangements and other issue costs incurred as a result of entering into loan and other facilities are deferred and expensed over the length of the related loan or facility.

Tangible assets and depreciation
Tangible assets are measured at historical purchase cost less accumulated depreciation and impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write down the cost of tangible fixed assets to their estimated residual values by equal annual instalments over their estimated useful working lives as follows: No depreciation is provided on freehold land. Depreciation on all tangible fixed assets, other than land, has been provided on a straight line basis over the following annual rates as follows:

Plant and equipment	10% -15% per annum
Freehold land and buildings	2% per annum

Investment in subsidiaries and joint ventures

Joint ventures are consolidated if overall control can be ascertained and the amounts are material to the group's result, For Joint Ventures where they are not material and where overall control can not be ascertained and Investment in subsidiaries are stated at cost plus incidental expenses less provision for impairment. Reviews of carrying value are undertaken annually to ensure it is not exceeded by the net recoverable value. Any impairments are taken up in the Profit and Loss.

Taxation
Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

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

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

3 Statement of accounting policies (continued)

Taxation (continued)

Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) 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, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Inventories

Land held for development and construction work in progress is valued at the lower of cost and net realisable value. Cost includes appropriate directly attributable overheads. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Inventory values are reviewed regularly to check for potential impairments and these are expensed to profit or loss when identified.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

3 Statement of accounting policies (continued)

Financial instruments (continued)
The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(ii) Financial liabilities

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at measured cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Pension costs
Contributions are made to the personal plans of certain employees. The expenditure is charged to the statement of comprehensive income in the period to which it relates. The value of pension costs outstanding at the period end was £nil (2017: £nil).

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. These being a reconciliation of the number of shares outstanding at the beginning and end of the year, a statement of cash flows, key management personnel compensation and certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the company is consolidated.

4 Critical judgements in applying the group's accounting policies

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies
The directors do not consider there to be any critical accounting judgements that must be applied.

Key sources of estimation uncertainty
The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are addressed below:

4 Critical judgements in applying the group's accounting policies (continued)

Valuation of inventory

At any point in time, the company holds significant levels of inventory, including work in progress. Land development is complex with long lead times until a site is ready for sale. Assessments are made over the valuation of the land, either by professional qualified external valuers, or by the parent company's own internal qualified staff to ensure the inventory is correctly stated at the lower of cost and net realisable value.

5 Operating profit

	2018 **£'000**	2017 £'000
Operating profit is stated after charging:		
Fees payable to the company's auditors for the audit of the company's subsidiaries, pursuant to legislation	**16**	20
Fees payable to the company's auditors for the audit of the parent company's and consolidated financial statements	**20**	20
Depreciation	**12**	18

No non-audit fees noted in the current year (2017: same).

6 Directors emoluments

In the current year all directors were paid by other group companies for their services to the group as a whole and no specific allocation of their remuneration has been made in respect of this company.

	2018 **£'000**	2017 £'000
Director's emoluments	-	15

7 Employee information

The company has no employees in the current year other than the directors (2017: 2).

The monthly average number of persons employed by the group (including executive directors) during the period is analysed below:

	2018 **£'000**	2017 £'000
Administration	-	2

The aggregate payroll costs were as follows:

	2018 **£'000**	2017 £'000
Wages and salaries	-	26
Social security costs	-	3
Other pension costs	-	1
	-	30

8 Net interest payable and similar charges

	2018 £'000	2017 £'000
Interest payable and similar charges		
Interest payable and bank commitment fees	**417**	700
Amortisation of bank facility fees	**-**	122
	417	822
Interest receivable and similar income		
Bank interest receivable	**(11)**	(3)
	406	819

9 Taxation on profit

	2018 £'000	2017 £'000
Current tax:		
United Kingdom corporation tax on profit for the period at 19.0% (2017: 19.8%)	**-**	-
Deferred tax:		
Deferred tax	**-**	-
Tax on profit	**-**	-

The tax assessed for the period is lower (2017: lower) than the standard rate of corporation tax in the United Kingdom, 19.0% (2017: 19.8%).

	2018 £'000	2017 £'000
Profit before taxation	**12,881**	2,763
Profit multiplied by the standard rate of corporation tax in the United Kingdom of 19.0% (2017: 19.8%)	**2,447**	546
Effects of:		
Non-taxable items	**-**	(3)
Expenses not deductible for tax purposes	**1**	2
Transfer pricing adjustment	**(29)**	(10)
Origination and reversal of timings differences	**1**	2
Losses brought forward	**-**	(97)
Group relief claimed for nil consideration	**(2,420)**	(440)
Total taxation	**-**	-

The main rate of corporation reduced to 19% with effect from 1 April 2018, the Government has announced that it intends to reduce the rate of corporation tax to 17% with effect from 1 April 2020. The 17% main rate of corporation tax was set by the Finance Act 2016 which received Royal Assent on 15 September 2016.

10 Loss of parent company

A total loss for the financial period of £723,000 (2017: loss £14,000) has been dealt with in the financial statements of the company. The company has taken advantage of the section 408 Companies Act 2006 allowing it not to publish a separate statement of comprehensive income.

11 Tangible assets

Group

	Freehold land & buildings £'000	Plant & equipment £'000	Total £'000
Cost			
At 1 July 2017 and 30 June 2018	579	89	668
Accumulated depreciation			
At 1 July 2017	70	89	159
Charge for the year	12	-	12
At 30 June 2018	**82**	**89**	**171**
Net book value			
At 30 June 2018	**497**	**-**	**497**
At 30 June 2017	509	-	509

Company

	Plant & equipment £'000
Cost	
At 1 July 2017 and 30 June 2018	**31**
Accumulated depreciation	
At 1 July 2017 and 30 June 2018	**31**
Net book value	
At 30 June 2018	**-**
At 30 June 2017	-

12 Investment in subsidiaries

Company

	2018 £'000	2017 £'000
Cost and net book value		
At 1 July 2017 and 30 June 2018	**35,200**	35,200

The directors believe that the carrying value of the investments is supported by their underlying net assets. Refer to note 20 for the subsidiaries held by the company.

13 Inventories

	Group 2018	Group 2017	Company 2018	Company 2017
	£'000	£'000	**£'000**	£'000
Land held for development	**31,633**	51,673	**4,261**	3,912

The land is provided as security for the bank loans.

14 Debtors: amounts falling due within one year

	Group 2018	Group 2017	Company 2018	Company 2017
	£'000	£'000	**£'000**	£'000
Trade debtors	**7,954**	111	**20**	3
Other debtors and prepayments	**108**	127	**11**	72
Amounts owed by group undertakings	**3,705**	29	**3,442**	805
	11,767	267	**3,473**	880

Amounts owed by group undertakings are unsecured, interest free, have no fixed terms of repayment and are repayable on demand.

15 Creditors: amounts falling due within one year

	Group 2018	Group 2017	Company 2018	Company 2017
	£'000	£'000	**£'000**	£'000
Bank loans [note 16 (a)]	**-**	9,663	**-**	9,663
Trade creditors	**700**	134	**22**	39
Amounts owed to group undertakings	**-**	4,800	**48,647**	35,325
Other creditors	**1,534**	14	**10**	14
Accruals and deferred income	**270**	255	**26**	11
	2,504	14,866	**48,705**	45,052

Amount owed to group undertakings are unsecured, interest free, have no fixed terms of repayment and are repayable on demand.

16 Creditors: amounts falling due after more than one year

	Group		Company	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Other loan (b)	**22,090**	22,468	**-**	-

(a) The bank loans are secured by legal charges over the assets of the company and its subsidiaries and bears rates of interest of LIBOR plus 5%. This was repaid in May 2018.

(b) The other loan is the amount drawn down of the £19.5m loan facility provided by the Local Infrastructure Fund established by the Government's Homes and Communities Agency which is secured over the land and buildings of the company and bears interest at a rate of EC Reference Rate plus 4.5%. The loan and interest accrued thereon is repayable in 2020.

17. Financial instruments (Group)

	2018 **£'000**	2017 £'000
Financial assets that are debt instruments measured at undiscounted amount receivable		
Trade debtors	**8,009**	111
Other debtors	**67**	127
Amounts owed by group undertakings	**3,705**	29
	11,781	267
Financial liabilities that are measured at amortised cost		
Loan and other borrowings	**22,090**	32,131
Trade creditors	**700**	134
Accruals (excluding deferred income)	**130**	40
Other creditors	**1,534**	14
Amount owed to group undertakings	**-**	4,800
	24,454	37,119

18 Called up share capital

	2018 £'000	2017 £'000
Authorised:		
265,156,107 (2017: 2,65,156,107) ordinary shares of 1p each	**2,652**	2,652
500,000 (2017: 500,000) deferred shares of £1 each	**500**	500
Issued and fully paid:		
265,156,107 (2017: 2,65,156,107 ordinary shares of 1p each	**2,652**	2,652
500,000 (2017: 500,000) deferred shares of £1 each	**500**	500
	3,152	3,152

The holders of ordinary shares are entitled to all distributable income. On the return of capital in a winding up or otherwise the surplus assets shall firstly be used to repay the nominal value of ordinary shares and then the nominal value of the deferred shares. Any surplus shall then be payable to the holders of ordinary shares.

The holders of deferred shares have no voting rights other than for the reduction of capital or if the company is to be wound up or sold or if their existing rights or privileges are to be affected.

19 Deferred taxation

No deferred taxes have been recognised in the balance sheet. The potential deferred tax asset not recognised are as follows:

	Group 2018 £'000	2017 £'000	Company 2018 £'000	2017 £'000
Losses carried forward	**74**	385	**71**	299
Origination and reversal of timing differences	**5**	(77)	**-**	(72)
	79	308	**71**	227

20 Subsidiaries

Name (all companies are registered in England and Wales)	Amount and description of shares held	Principal activity	% owned
Trenport (Peters Village) Limited	35,200,000 Ordinary shares of £1 each	Property development	100
Trenport (East Hall Park) Limited	1 Ordinary share of £1 each	Property development	100
Europower Networks Limited	1 Ordinary share of £1 each	Electricity supply	100
Ryton Utilities Limited	1 Ordinary share of £1 each	Sewerage Plant	100
Eurolink 5 Management Limited	1 Ordinary share of £1 each	Property management	100
Trenport Teynham (General Partner) Limited	1 Ordinary share of £1 each	Property development	100
Pit Properties Limited	1 Ordinary share of £1 each	Property management	100
MP Holdings 2017 Limited	1 Ordinary share of £1 each	Property management	50
Eurolink Management Limited	1 Ordinary share of £1 each	Dormant	100

The registered office for the subsidiaries is the same as Trenport Investments limited as set out in the accounting policies.

All subsidiaries are directly held by Trenport Investments Limited except for MP Holdings 2017 Limited which is a joint venture 50% owned by Pit Properties Limited, Margetts Pitt Limited is a company 100% owned by MP Holdings Limited. The companies registered office is 6th Floor, Kildare House, 3 Dorset Rise, London. The carrying value of its joint venture investment in 2017 was £1 (2016: £1)

21 Related party transactions

At 30 June 2018 all of the company's voting rights were controlled within the group headed by Trenport Property Holdings Limited, and the company has taken advantage of the exemption contained in FRS102 para.33.1A and has therefore not disclosed transactions or balances with entities which form part of the Shop Direct Holdings Limited group or are disclosed in the group financial statements.

22 Ultimate parent undertaking and controlling party

The immediate holding company is Trenport Property Holdings Limited, a company incorporated in England & Wales, which the directors regard as being ultimately controlled by the Sir David Barclay and Sir Frederick Barclay Family Settlements.

Shop Direct Holdings Limited a company registered in England and Wales, is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 June 2018. Trenport Property Holdings Limited is the smallest group of undertakings to consolidate these financial statements. The financial statements of Shop Direct Holdings Limited and Trenport Property Holdings Limited can be obtained by writing to 2nd Floor, 14 St George Street, London W1S 1FE, which is also the registered address of these entities.