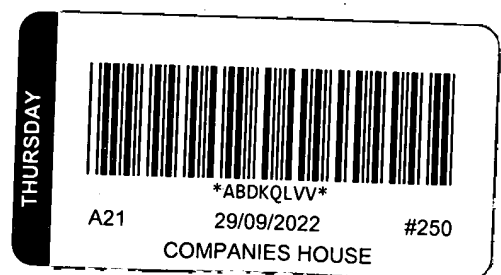


Registered number: 01587092

**LONDON & STRATEGIC ESTATES LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2022**



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**LONDON & STRATEGIC ESTATES LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	P J Hanel M Manners J Millar S W Sapcote A Stranks
<b>Registered number</b>	01587092
<b>Registered office</b>	Unit 2 Phoenix Way Hounslow London TW5 9NB
<b>Independent auditors</b>	Haysmacintyre LLP 10 Queen Street Place London EC4R 1AG

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**LONDON & STRATEGIC ESTATES LIMITED**

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## **LONDON & STRATEGIC ESTATES LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022**

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The directors present their report and the financial statements for the year ended 31 March 2022.

#### **Directors' responsibilities statement**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 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 for the company's financial statements and then apply them consistently;
- make judgments 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;
- 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 to 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.

#### **Principal activity**

The principal activity of the company is that of property investment. Given the impact of Covid-19 on the property market and the company's tenants, the directors consider that the company has had a good year, with the profit before taxation being £5.9m compared with £3.2m in the prior year. At the operating profit level the current year had a profit of £5.9m compared to a loss of £490k in the prior year. The main increase in profit before tax was due to the end in Covid-19 restrictions and with that various rent concessions granted came to an end, and a recovery in property value that reversed the decline seen in 2021.

The company continued to maintain its investment property portfolio in good condition during the year, so as to ensure the properties retained their appeal to current and future tenants, thus helping to reduce the potential of void space both in the short and medium term. It is the directors' intention that this investment will continue in the future, thus helping the company to continue to grow in terms of profitability. The directors' main aim is to ensure that property voids remain at a minimum.

The company has no bank borrowing and it is the directors' intention that all future activity will be financed from the company's own cash flow, without recourse to third party borrowing.

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## LONDON & STRATEGIC ESTATES LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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#### Directors

The directors who served during the year were:

P J Hanel  
M Manners  
J Millar  
S W Sappcote  
A Stranks

#### Principal risks and uncertainties

The company has limited financial risk with regard to credit risk and liquidity. The company's financial instruments consist only of trade debtors and creditors, and surplus cash balances are held in bank accounts to order to minimize financial risk.

##### Credit risk

The company's principal financial assets are bank balances and cash, and trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

##### Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company maintains adequate cash balances.

Further details regarding liquidity risk can be found in the Statement of accounting policies in the financial statements.

The wider Sappcote Group has considerable financial resources, as a consequence, the directors believe that the company is well placed to manage its business risks successfully.

#### Future developments

The directors' intention is that the majority of the rental income from the properties, as far as possible, continues to flow through to the operating profit line. As cash flow and operating profit improve, the company will be able to use the cash flow to invest in both additional investment properties and the current estate, which should help the company compound its growth. The directors are also looking to further consolidate the company's performance and to continue to improve and invest in the company's existing assets, so the properties remain an attractive proposition for both existing and future tenants. By keeping the properties fully maintained and smart in appearance, it is hoped that rental income will remain consistent and voids will remain low, thus ensuring continued profitability.

The directors continue to review the fixed and operating costs across the company and will continue to take the appropriate action where necessary to ensure that the company is as cost efficient as possible.

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**LONDON & STRATEGIC ESTATES LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2022**

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**Disclosure of information to auditors**

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**Auditors**

The auditors, Haysmacintyre LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies note**

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

  
**S W Sapcote**  
Director

Date: 28 September 2022

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**LONDON & STRATEGIC ESTATES LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON & STRATEGIC ESTATES LIMITED**

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**Opinion**

We have audited the financial statements of London & Strategic Estates Limited (the 'Company') for the year ended 31 March 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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## **LONDON & STRATEGIC ESTATES LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON & STRATEGIC ESTATES LIMITED (CONTINUED)**

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#### **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 this regard.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.



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## **LONDON & STRATEGIC ESTATES LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON & STRATEGIC ESTATES LIMITED (CONTINUED)**

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#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditors' responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

#### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud.**

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory requirements for the Investment Property business and trade regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to revenue and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of regulatory filings made by the company;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted containing round numbers or consistent ending numbers, journals posted at the end of the period or as post-closing entries that have little or no explanation or description, postings with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

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**LONDON & STRATEGIC ESTATES LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON & STRATEGIC ESTATES LIMITED  
(CONTINUED)**

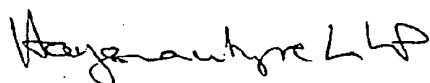
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The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**Use of our report**

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



Ian Daniels (Senior Statutory Auditor)  
for and on behalf of  
**Haysmacintyre LLP**  
Statutory Auditors  
10 Queen Street Place  
London  
EC4R 1AG

Date: 28 September 2022

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**LONDON & STRATEGIC ESTATES LIMITED**

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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2022**

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	Note	2022 £	2021 £
Turnover		4,274,295	3,998,185
<b>Gross profit</b>		<u>4,274,295</u>	<u>3,998,185</u>
Administrative expenses		(95,178)	(92,156)
Fair value movements on investment property		2,977,215	(2,733,487)
Other operating charges		<u>(1,229,287)</u>	<u>(1,662,144)</u>
<b>Operating profit/(loss)</b>	4	5,927,045	(489,602)
Interest receivable and similar income		395	16,581
Interest payable and similar expenses		-	3,668,455
<b>Profit before tax</b>		<u>5,927,440</u>	<u>3,195,434</u>
Tax on profit	8	(554,738)	(489,439)
<b>Profit for the financial year</b>		<u><u>5,372,702</u></u>	<u><u>2,705,995</u></u>

There was no other comprehensive income for 2022 (2021: £NIL).

The notes on pages 11 to 21 form part of these financial statements.

**LONDON & STRATEGIC ESTATES LIMITED**  
**REGISTERED NUMBER: 01587092**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2022**

	Note	2022 £	2021 £
<b>Fixed assets</b>			
Tangible assets	9	366,490	387,256
Investment property	10	71,834,941	68,857,725
		<u>72,201,431</u>	<u>69,244,981</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	11	12,374,753	4,747,036
Cash at bank and in hand	12	9,958,005	15,481,953
		<u>22,332,758</u>	<u>20,228,989</u>
Creditors: amounts falling due within one year	13	(11,450,187)	(11,876,697)
<b>Net current assets</b>		<u>10,882,571</u>	<u>8,352,292</u>
<b>Total assets less current liabilities</b>		<u>83,084,002</u>	<u>77,597,273</u>
<b>Provisions for liabilities</b>			
Deferred tax	14	(352,563)	(238,536)
		<u>(352,563)</u>	<u>(238,536)</u>
<b>Net assets</b>		<u><u>82,731,439</u></u>	<u><u>77,358,737</u></u>
<b>Capital and reserves</b>			
Called up share capital	16	2	2
Revaluation reserve	17	(2,364,919)	(5,342,134)
Profit and loss account	17	85,096,356	82,700,869
		<u><u>82,731,439</u></u>	<u><u>77,358,737</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

*A. Stranks*

**A Stranks**  
**Director**

Date: 28 September 2022

The notes on pages 11 to 21 form part of these financial statements.

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**LONDON & STRATEGIC ESTATES LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2022**

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	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2020	2	(2,608,647)	77,261,387	74,652,742
Profit for the year	-	-	2,705,995	2,705,995
Transfer of revaluation of investment property	-	(2,733,487)	2,733,487	-
At 1 April 2021	2	(5,342,134)	82,700,869	77,358,737
Profit for the year	-	-	5,372,702	5,372,702
Transfer of revaluation of investment property	-	2,977,215	(2,977,215)	-
At 31 March 2022	2	(2,364,919)	85,096,356	82,731,439

The notes on pages 11 to 21 form part of these financial statements.

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## LONDON & STRATEGIC ESTATES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 1. General information

London & Strategic Estates Limited ('the Company') is a private company limited by shares incorporated in the England and Wales under the Companies Act 2006. The address of the registered office is Unit 2 Phoenix Way, Hounslow, England, TW5 9NB

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pound sterling because that is the currency of the economic environment in which the Company operates.

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. The Company is consolidated in the financial statements of its parent, Sapcote Group Plc, which may be obtained from its registered office. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement, related party transactions and remuneration of key management personnel.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Going concern

The financial statements have been prepared under the going concern basis.

The directors consider the going concern basis to be appropriate because they have reviewed the company's cash flow forecasts and concluded that the going concern basis remains an appropriate basis of preparation for these financial statements given the likely cash flow impact of operations 12 months from the date of approval of the financial statements.

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## LONDON & STRATEGIC ESTATES LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### 2. Accounting policies (continued)

##### 2.3 Revenue

Turnover is stated net of VAT and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Rental income from properties is credited to the profit and loss account on a straight line basis over the lease term. Where payments are received from customers in advance of the services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

A property sale is recognised on completion of contracts. Previously, property sales were recognised on exchange of contracts but the directors consider the revised policy to be more prudent and more in line as to when the effective transfer of material risks occurs. In the absence of any property sales in recent years, the change in policy has no impact on either this or the previous accounting period.

##### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Fixtures and fittings	-	25% per annum
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

##### 2.5 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

##### 2.6 Investment property

Investment property is carried at fair value determined annually by a director who has experience in the location and classes of the investment property being valued. The method of determining fair value is yield based reflecting the returns on comparable real estate. Changes in fair value are recognised in the revaluation reserve by way of an annual transfer.

##### 2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022

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2. Accounting policies (continued)

2.7 Financial instruments (continued)

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

2.8 Operating leases: the Company as lessor

Rental income from operating leases is credited to profit or loss on a straight line basis over the lease term.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

Temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic have been recognised on a systematic basis over the periods that the change in lease income is intended to compensate. This is conditional on:

- the change in lease income resulting in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease income affecting only income originally due on or before 30 June 2022;
- there being no significant change to other terms and conditions of the lease.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.



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**LONDON & STRATEGIC ESTATES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**3. Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 2, 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.

**Judgements and estimations in applying the Company's accounting policies**

The key judgement and estimation uncertainty in understanding these accounts is that the directors have used their knowledge and experience to value the company's investment property at market value. The valuation of the property is made on a yield basis, based on passing rents at the balance sheet date.

Estimation uncertainty also arises in assessing the recoverability of trade debtor and in recognising impairment where balances are deemed not to be recoverable.

**4. Operating profit**

The operating profit is stated after charging:

	2022 £	2021 £
Depreciation of tangible fixed assets	92,010	100,004

**5. Interest payable**

A total of £nil (2021: £3,668,455) of interest on shareholder loans was waived and credited to the profit and loss account within the year.

**6. Auditors' remuneration**

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	32,000	31,800

The Company has taken advantage of the exemption not to disclose amounts paid for non-audit services as these are disclosed in the group accounts of the parent Company.

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**LONDON & STRATEGIC ESTATES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**7. Employees**

The Company has no employees other than the directors, who did not receive any remuneration (2021 - £NIL).

**8. Taxation**

	2022 £	2021 £
<b>Corporation tax</b>		
Current tax on profits for the year	481,645	405,812
Adjustments in respect of previous periods	(40,934)	50,623
	<u>440,711</u>	<u>456,435</u>
<b>Total current tax</b>	<u>440,711</u>	<u>456,435</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	114,027	33,004
<b>Total deferred tax</b>	<u>114,027</u>	<u>33,004</u>
<b>Taxation on profit on ordinary activities</b>	<u>554,738</u>	<u>489,439</u>

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**LONDON & STRATEGIC ESTATES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**8. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

	2022 £	2021 £
Profit on ordinary activities before tax	5,927,440	3,195,434
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	1,126,214	607,132
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	47	9,362
Capital allowances for year in excess of depreciation	(941)	-
Adjustments to tax charge in respect of prior periods	(40,934)	50,623
Group relief	(49,028)	-
Remeasurement of deferred tax for changes in tax rates	84,615	-
Deferred tax not recognised	(565,235)	(177,678)
<b>Total tax charge for the year</b>	<b>554,738</b>	<b>489,439</b>

**Factors that may affect future tax charges**

The deferred tax provision element of the above charge is prepared on the basis of the introduction of a 25% UK corporation tax main rate from 1 April 2023, as published on 3 March 2021.

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**LONDON & STRATEGIC ESTATES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. Tangible fixed assets**

	Fixtures and Fittings £
<b>Cost or valuation</b>	
At 1 April 2021	1,309,520
Additions	71,245
Disposals	(203,758)
At 31 March 2022	<u>1,177,007</u>
<b>Depreciation</b>	
At 1 April 2021	922,264
Charge for the year on owned assets	92,010
Disposals	(203,757)
At 31 March 2022	<u>810,517</u>
<b>Net book value</b>	
At 31 March 2022	<u><u>366,490</u></u>
At 31 March 2021	<u><u>387,256</u></u>

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**LONDON & STRATEGIC ESTATES LIMITED**

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**10. Investment property**

	Investment property £
<b>Valuation</b>	
At 1 April 2021	68,857,725
Surplus on revaluation	2,977,216
<b>At 31 March 2022</b>	<b>71,834,941</b>

Investment properties, all of which are freehold with the exception of £7.2m (2021: £6.9m) which are long leasehold, were revalued to fair value at 31 March 2022. The valuation was performed by Mr. M Manners, MRICS, a director of London & Strategic Estates Limited, who has experience in the location and class of the investment properties being valued. The method of determining fair value was on an open market value for existing use basis, principally based on an appropriate yield. There are no restrictions on the realisability of the investment property. Investment properties with a carrying amount of £34.3m (2021: £34.8m) have been pledged to secure borrowings of the Company and of its immediate parent, Sapcote Group plc. Property rental income earned during the year was £4.3m (2021: £3.9m). No contingent rents have been recognised as income in the current or prior year.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2022 £	2021 £
Historic cost	74,199,857	74,199,857

**11. Debtors**

	2022 £	2021 - restated £
Trade debtors	611,951	1,006,925
Amounts owed by group undertakings	10,645,668	2,952,038
Other debtors	13,704	12,792
Prepayments and accrued income	1,103,430	775,281
	<b>12,374,753</b>	<b>4,747,036</b>

The comparative for other debtors has been reduced by £692,148 to reflect the valid offset of balances due to and from Mr S W Sapcote.

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**LONDON & STRATEGIC ESTATES LIMITED**

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**12. Cash and cash equivalents**

	2022 £	2021 £
Cash at bank and in hand	9,958,005	15,481,953
	<u>9,958,005</u>	<u>15,481,953</u>

**13. Creditors: Amounts falling due within one year**

	2022 £	2021 - restated £
Trade creditors	193,305	134,848
Director's loans	8,927,447	9,299,575
Corporation tax	255,420	443,090
Other creditors	1,160,420	1,187,547
Accruals and deferred income	913,595	811,637
	<u>11,450,187</u>	<u>11,876,697</u>

The director's loan is secured by way of a legal mortgage on certain freehold investment properties. The loan is comprised of multiple tranches with loan to value covenants set against individual properties. At the end of the year, three tranches were in breach of their loan to value covenant. The lender has confirmed that no action is to be taken in respect of these breaches within 12 months of the signing of these financial statements.

There is no fixed repayment schedule for the director's loan, and no interest is charged.

Amounts owed to group companies are payable on demand, and no interest is charged.

The comparative for the director's loan has been reduced by £692,148 to reflect the valid offset of balances due to and from Mr S W Sapcote.

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**LONDON & STRATEGIC ESTATES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2022**

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**14. Deferred taxation**

	2022 £
At beginning of year	(238,536)
Charged to profit or loss	(114,027)
At end of year	<u>(352,563)</u>

The provision for deferred taxation is made up as follows:

	2022 £	2021 £
Accelerated capital allowances	(352,563)	(238,536)
	<u>(352,563)</u>	<u>(238,536)</u>

**15. Operating leases: the Company as lessor**

At the balance sheet date, the Company had contracted with tenants for the following future minimum lease payments:

	2022 £	2021 £
Not later than one year	3,825,547	3,798,838
Later than one year and not later than five years	12,200,117	9,516,910
Later than five years	11,088,547	8,037,756
	<u>27,114,211</u>	<u>21,353,504</u>

**16. Share capital**

	2022 £	2021 £
Allotted, called up and fully paid		
2 (2021 - 2) Ordinary shares of £1.00 each	2	2
	<u>2</u>	<u>2</u>

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**17. Reserves**

**Revaluation reserve**

The revaluation reserve relates to unrealised movements on the valuation of investment property.

**Profit and loss account**

The profit and loss account includes all current and prior period retained profits and losses.

**18. Related party transactions**

In accordance with Financial Reporting Standard 102 section 33 "Related Party Disclosures", the company has not disclosed transactions with other wholly owned group companies as its results are consolidated into the financial statements of the ultimate parent company which are publicly available.

**Directors' transactions**

Loans from a director:

Included in note 13, is a loan amount of £8,927,447 (2021 restated: £9,299,575) due to Mr S W Sapcote, a director and the ultimate controlling party. The loan carries no interest charge, but is reviewable annually on 31 March and is repayable at 30 days' notice. Mr S W Sapcote waived his right to interest accrued of £nil (2021: £3,668,455) which was credited back to the profit & loss account.

Other related party transactions

Included within other creditors is a balance owed to Signalgrange Limited of £595,845 (2021: £585,845). The balance has accrued as a result of normal business transactions and has no effect on the profit & loss account. The business is wholly owned by Mr S W Sapcote.

Included within other debtors is a balance of £716,657 (2021: £692,148) owed by Dovecote Securities, a trading name of Mr S W Sapcote. The balance has accrued as a result of normal business transactions and has no effect on the profit & loss account.

**19. Controlling party**

Sapcote Group plc, which is registered in England and Wales, registered address Unit 2, Phoenix Way, Hounslow, TW5 9NB, was the company's parent and ultimate parent undertaking at 31 March 2022. Sapcote Group plc is the largest group these results are consolidated in.

Mr. Stuart Sapcote, a director of the Company, controls the Company as a result of controlling, directly or indirectly, 100 per cent of the issued share capital of the Company.