



**LEGAL & GENERAL GRENFELL LIMITED**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2014**

TUESDAY



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Registered Office:  
One Coleman Street  
London EC2R 5AA

Registered in England & Wales No. 03625959

**Business Review**

The Company owned a freehold property in Maidenhead directly opposite the station, with good access to the town centre.

On 18 December 2014 the Company, which was a wholly owned subsidiary of The British Land Company PLC was sold to Legal and General Assurance (Pensions Management) Limited. On this date the property asset was immediately hived up to the new parent company resulting in the company ceasing to trade.

**Principal risks and uncertainties**

Risks relating to credit worthiness, liquidity and interest rate arise in the Company's normal course of business. The Company addresses these risks and defines strategies to limit the economic impact on its performance in accordance with its financial risk management policy. The Directors of the Company are responsible for overseeing compliance with the Company's risk management policies and procedures.

Credit risk is the risk of financial loss to the Company if a tenant fails to meet its contractual obligations and arises principally from the Company's receivables from tenants. The Company's exposure is impacted by the individual characteristics of each tenant, its industry and region where it operates. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all tenants.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

**Financial key performance indicators**

The Company forms part of a wider group of assets known collectively as the Managed Fund. Analysis of investments is performed at the Managed Fund level rather than at the company level.

By order of the Board



RA Hall ACIS

For and on behalf of Legal & General Co Sec Limited

Company Secretary

Dated: 18 September 2015

## **LEGAL & GENERAL GRENFELL LIMITED**

### **DIRECTORS' REPORT**

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The directors present their report, together with the audited financial statements of the Company for the 9 months ended 31 December 2014.

#### **Change of Name**

The company changed its name from BL Grenfell Limited to Legal & General Grenfell Limited on 6 January 2015.

#### **Result for the year and dividend**

The results of the Company are set out on page 8. The directors do not recommend the payment of a dividend (year ended 31 March 2014: £nil).

#### **Directorate**

The directors of the Company who were in office during the period and up to the date of signing the financial statements were:

A Banks	(Appointed: 19 December 2014)
M Barrie	(Appointed: 19 December 2014)
P J Martin	(Appointed: 12 December 2014; Resigned: 19 December 2014)
S M Barzycki	(Resigned: 19 December 2014)
C M J Forshaw	(Resigned: 12 December 2014)
L M Bell	(Resigned: 12 December 2014)
T A Roberts	(Resigned: 12 December 2014)
C S A Maudsley	(Resigned: 12 December 2014)
N M Webb	(Resigned: 12 December 2014)
S G Carter	(Resigned: 12 December 2014)
B T Grose	(Resigned: 2 October 2014)
J M Vandevivere	(Resigned: 12 December 2014)

#### **Directors' Insurance**

Legal & General Group Plc., the ultimate parent undertaking and controlling party, maintains an appropriate level of Directors and Officers' liability insurance which is reviewed annually.

#### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the strategic report, 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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.

**DIRECTORS' REPORT**

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

**Disclosure of information to auditors**

Each of the directors, who held office, at the date the Directors' Report is approved, confirms that:

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given in accordance with section 418(2) of the Companies Act 2006.

By order of the Board



RA Hall ACIS  
For and on behalf of Legal & General Co Sec Limited  
Company Secretary  
Dated: 18 September 2015

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LEGAL & GENERAL GRENFELL LIMITED**

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We have audited the financial statements of Legal & General Grenfell Limited for the period ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**Respective responsibilities of directors and auditor**

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



William Crane BSc ACA (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Cambridge, UK

18 September 2015

**LEGAL & GENERAL GRENFELL LIMITED****PROFIT AND LOSS ACCOUNT****For the 9 months ended 31 December 2014**

		<b>9 months ended 31 December 2014 £</b>	<b>Year ended 31 March 2014 £</b>
	Note		
<b>Turnover</b>			
Rental income		3,957,418	5,557,457
Fees and commissions		-	-
<b>Total turnover</b>		<u>3,957,418</u>	<u>5,557,457</u>
Cost of sales		<u>1,597</u>	<u>(602)</u>
<b>Gross profit</b>		3,959,015	5,556,855
Administrative expenses		<u>(715,493)</u>	<u>(996,774)</u>
<b>Operating profit</b>		<b>3,243,522</b>	<b>4,560,081</b>
Profit on disposal of investment property		12,701,367	-
Interest receivable and similar income - External		223	-
Interest payable and similar charges		<u>(1,530,684)</u>	<u>(2,353,055)</u>
<b>Profit on ordinary activities before tax</b>	2	<b>14,414,428</b>	<b>2,207,026</b>
Tax on profit on ordinary activities	4	<u>-</u>	<u>63,350</u>
<b>Profit for the financial period/year</b>	9	<b><u>14,414,428</u></b>	<b><u>2,270,376</u></b>

Due to the sale of the company's property in the current period, the above operations are discontinued.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

The notes on pages 11 to 15 form an integral part of these financial statements.

**LEGAL & GENERAL GRENFELL LIMITED****STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****For the 9 months ended 31 December 2014**

		<b>9 months ended 31 December 2014 £</b>	<b>Year ended 31 March 2014 £</b>
	Note		
Profit for the financial period/year	9	14,414,428	2,270,376
Gain on revaluation of investments properties	9	-	4,897,902
Release of revaluation surplus on disposal	9	-	-
<b>Total recognised gains and losses</b>		<b>14,414,428</b>	<b>7,168,278</b>

The notes on pages 11 to 15 form an integral part of these financial statements.



# LEGAL & GENERAL GRENFELL LIMITED

## BALANCE SHEET

As at 31 December 2014


		<b>31 December 2014</b>	<b>31 March 2014</b>
	Note	£	£
<b>Fixed assets</b>			
Investment properties	5	-	77,500,000
		-	77,500,000
<b>Current assets</b>			
Debtors	6	27,441,589	9,932
Cash at bank and in hand		-	-
<b>Creditors : amounts falling due within one year</b>	7	-	(64,482,771)
<b>Net current liabilities</b>		27,441,589	(64,472,839)
<b>Net assets</b>		<b>27,441,589</b>	<b>13,027,161</b>
<b>Capital and reserves</b>			
Called up share capital	8	2	2
Revaluation reserve	9	-	(20,602,882)
Profit and loss account	9	27,441,587	33,630,041
<b>Total shareholders' funds</b>		<b>27,441,589</b>	<b>13,027,161</b>

### Reconciliation of movements in shareholders' funds

	<b>31 December 2014</b>	<b>31 March 2014</b>
	£	£
Opening shareholders' funds	13,027,161	5,858,883
Profit for the financial year	14,414,428	2,270,376
Other recognised gains and losses	-	4,897,902
<b>Closing shareholders' funds</b>	<b>27,441,589</b>	<b>13,027,161</b>

The notes on pages 11 to 15 form an integral part of these financial statements.

The financial statements on pages 8 to 15 were approved by the board of directors on 18 September 2015 and signed on its behalf by



A Banks, Director

Legal & General Grenfell Limited, registered in England and Wales No. 3625959

## LEGAL & GENERAL GRENFELL LIMITED

### NOTES TO FINANCIAL STATEMENTS for the 9 months ended 31 December 2014

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#### 1 Accounting policies

The main accounting policies adopted by the directors are summarised below. They have been applied consistently throughout the current and previous financial periods.

The financial statements are prepared in accordance with applicable United Kingdom law and Accounting Standards and under the historical cost convention as modified by the revaluation of land. The principal accounting policies, which have been applied consistently throughout the period, are set out below:

##### (a) Going concern

As the company hived up the investment property on 18 December 2014 to the parent company, Legal and General Assurance (Pensions Management) Limited, the company is not a going concern and therefore these financial statements have been prepared on a basis other than going concern, using policies in accordance with United Kingdom Generally Accepted Accounting Practice.

##### (b) Investment property

Investment properties are stated at open market value at the balance sheet date. Investment and development properties are recorded at valuation. Any surplus or deficit arising is transferred to revaluation reserve, unless a deficit is expected to be permanent, in which case it is charged to the profit and loss account. Disposals are recognised on completion; profit on disposal is determined as the difference between sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus additions in the period.

In accordance with SSAP 19 investment properties are not depreciated. This treatment is a departure from the requirements of the Companies Act 2006 concerning depreciation of fixed assets, however, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

##### (c) Net rental income

Rental income is recognised on an accrual basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the next rent review date. Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the shorter of the entire lease term or the period to the first break option. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation.

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

## **LEGAL & GENERAL GRENFELL LIMITED**

### **NOTES TO FINANCIAL STATEMENTS for the 9 months ended 31 December 2014**

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#### **1 Accounting policies (Continued)**

##### **(d) Tax and deferred tax**

The tax shown in the Profit & Loss account comprises current and deferred tax.

Current tax comprises tax payable on current period profits, adjusted for non-tax deductible or non-taxable items, and any adjustments to tax payable in respect of previous periods.

Deferred tax is provided in full on all timing differences. Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered in future. Deferred tax assets and liabilities are not discounted.

##### **(e) Cash flow statement**

The company is exempt under FRS 1 (Revised) from preparing a cash flow statement.

##### **(f) Dividend recognition**

A dividend distribution to the Company's shareholders is recognised as a liability in the period in which the dividends are authorised and are no longer at the discretion of the Company.

#### **2 Profit on ordinary activities before taxation**

##### **Auditor's remuneration**

Audit fees for the 9 months ended 31 December 2014 are to be borne by the immediate parent company, Legal & General (Pensions Management) Limited. In the prior year a notional charge of £1,750 was deemed payable in respect of the financial statements. No non-audit fees were incurred in the period (year ended 31 March 2014: £nil).

#### **3 Staff costs**

No director received any remuneration for services to the company for the 9 month period ended 31 December 2014 (year ended 31 March 2014: £nil).

The average number of employees, excluding directors, of the company during the 9 month period ended 31 December 2014 was nil (year ended 31 March 2014: nil).

**LEGAL & GENERAL GRENFELL LIMITED**

**NOTES TO FINANCIAL STATEMENTS**  
**for the 9 months ended 31 December 2014**

**4 Tax charge / (credit) (P&L account)**

	9 months ended 31 December 2014 £	Year ended 31 March 2014 £
<b>Current tax</b>		
UK corporation tax at 21% (year ended 31 March 2014: 23%)		
- Current tax for the period/year	-	-
- Adjustments in respect of prior years	-	(63,350)
<b>Total current tax credit</b>	-	(63,350)
<b>Tax credit on profit on ordinary activities</b>	-	(63,350)

**Factors affecting current tax charge / (credit) for the period:**

The total current tax for the period is lower than the standard rate of UK corporation tax and the differences are explained below:

	9 months ended 31 December 2014 £	Year ended 31 March 2014 £
Profit on ordinary activities before tax	14,414,428	2,207,026
Tax calculated at the standard UK corporation tax rate of 21% (year ended 31 March 2014: 23%)	3,027,030	507,616
Effects of:		
Adjustments in respect of prior years	-	(63,350)
Differences between taxable and accounting realised gains/losses	(2,667,287)	-
REIT exempt income and gains	(310,543)	(416,567)
Capital allowances	(49,200)	(91,049)
<b>Total current tax charge / (credit)</b>	-	(63,350)

**Factors which may affect future tax charges**

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted in July 2013 now standing at 21% with effect from 1 April 2014 and 20% with effect from 1 April 2015. The closing deferred tax assets and liabilities have been calculated at 20% in accordance with the rates enacted at the balance sheet date.

In the Budget on 8 July 2015, the UK Government proposed, amongst other things, to further reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. Existing temporary differences may therefore unwind in periods subject to these reduced rates. These rate changes are to be included in the Finance Bill 2015 but this has not yet been substantively enacted.

# LEGAL & GENERAL GRENFELL LIMITED

## NOTES TO FINANCIAL STATEMENTS for the 9 months ended 31 December 2014

### 5 Investment properties

	31 December 2014 £	31 March 2014 £
<b>Cost</b>		
At start of period/year	43,869,959	43,867,861
Additions	28	2,098
Hive up to Legal & General Assurance (Pensions Management) Limited	(43,869,987)	-
At end of period/year	-	43,869,959
<b>Revaluation Surplus</b>		
At start of period/year	33,630,041	28,732,139
Surplus for the period/year	-	4,897,902
Hive up to Legal & General Assurance (Pensions Management) Limited	(33,630,041)	-
At end of period/year	-	33,630,041
At end of period/year	-	77,500,000

The Company's investment property was valued as at 31 March 2014 by Knight Frank LLP in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuations Standards, on the basis of Market Value. Market Value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller on an open market basis.

### 6 Debtors

	31 December 2014 £	31 March 2014 £
Prepayments and accrued income	-	9,932
Amounts owed by group companies - current accounts	27,441,589	-
	27,441,589	9,932

Amounts owed by fellow group companies are unsecured, interest free and payable on demand.

## LEGAL & GENERAL GRENFELL LIMITED

### NOTES TO FINANCIAL STATEMENTS for the 9 months ended 31 December 2014

#### 7 Creditors: amounts falling due within one year

	31 December 2014 £	31 March 2014 £
Trade creditors	-	11,537
Amounts owed to group undertakings - current accounts	-	63,034,590
Corporation tax liability	-	90,061
Other taxation and social security	-	54,159
Accruals and deferred income	-	1,292,424
	<u>-</u>	<u>64,482,771</u>

Amounts owed to fellow group companies are repayable on demand with interest being charged on balances outstanding at the ultimate parent company's weighted average cost of debt plus a margin whilst the subsidiary is active and if the interest charged does not put the subsidiary into financial difficulty.

#### 8 Share capital

	31 December 2014 £	31 March 2014 £
Issued: 2 ordinary shares (31 March 2014: 2) of £1 each fully paid	<u>2</u>	<u>2</u>

#### 9 Movement in reserves

	Revaluation reserve £	Profit and loss account £
Profit for the financial period	-	14,414,428
Dividends	-	-
Retained profit/(loss)	<u>-</u>	<u>14,414,428</u>
Unrealised surplus on revaluation of investment properties	-	-
Release of revaluation surplus on disposal	<u>(33,630,041)</u>	<u>33,630,041</u>
Net addition/(reduction) to reserves	<u>(33,630,041)</u>	<u>48,044,469</u>
Opening reserves as at 1 April 2014	<u>33,630,041</u>	<u>(20,602,882)</u>
Closing reserves as at 31 December 2014	<u>-</u>	<u>27,441,587</u>

#### 10 Related party transactions

The company has taken advantage of the exemption granted to wholly owned subsidiaries not to disclose transactions with group companies under the provisions of Financial Reporting Standard 8.

## **LEGAL & GENERAL GRENFELL LIMITED**

### **NOTES TO FINANCIAL STATEMENTS for the 9 months ended 31 December 2014**

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#### **11 Undertaking and controlling party**

The immediate parent company is Legal and General Assurance (Pensions Management) Limited.

The ultimate parent undertaking and controlling party is Legal & General Group Plc, a company incorporated in the United Kingdom.

Legal & General Group Plc is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2014. The consolidated financial statements of Legal & General Group Plc are available on the Group website, [www.legalandgeneralgroup.com](http://www.legalandgeneralgroup.com) or from the Company Secretary at the Registered Office, One Coleman Street, London, EC2R 5AA.

#### **12 Going concern**

During the current period the company's property was sold. As a result the financial statements have been prepared on a basis other than that of going concern. However the financial statements do not include any adjustments which might arise from the liquidation of the company.