PENBRICK LIMITED

Annual Report and Financial Statements
for the period ended 27 June 2019

PENBRICK LIMITED
DIRECTORS' REPORT

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report, for the period ended 27 June 2019.

Business review and principal activities
The principle activities of the company are that of property investment and development.

On 27 June 2019, the entire share capital of the Parent Company was acquired by LondonMetric Property Plc by way of a Scheme of Arrangement under Part 26 Companies Act 2006. For each ordinary share in the Parent Company, shareholders received 2.19 ordinary shares in LondonMetric Property Plc and 204.5p in cash.

Results and dividends
The net profit before taxation for the period was £4,128,607 (2018: £4,396,196). There were no dividends paid or proposed in the period. No dividends have been paid or proposed since the period end (2018: £nil).

Going Concern
As set out above and in note 14, on the balance sheet date the ownership of A&J Mucklow Group Limited (including subsidiaries) changed such that it became a wholly owned subsidiary of LondonMetric Property Plc (hereafter LondonMetric), an entity registered and incorporated in the UK. Following the change in ownership the entity now participates in the LondonMetric treasury arrangements.

Notwithstanding net current liabilities of £6.7m at 27 June 2019 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company is dependent for its working capital on funds provided to it by A&J Mucklow Group Limited, the Company's immediate parent undertaking. A&J Mucklow Group Limited has provided the company with an undertaking that, for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and, in particular, will not seek repayment of any amounts currently made available, which at 27 June 2019 amounted to £5.6m. A&J Mucklow Group Limited is subsequently reliant on the financial support of LondonMetric.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Directors
The directors who served throughout the period and up to the date of signing this report are listed below.

Rupert Mucklow (to 2 July 2019)
Justin Parker (to 31 December 2018)
Mark Vernon (to 20 May 2019)
David Wooldridge (to 30 August 2019)
Andrew Jones (from 27 June 2019)
Martin McGann (from 27 June 2019)
Valentine Beresford (from 27 June 2019)
Mark Stirling (from 27 June 2019)

None of the directors has a service agreement with the Company and they are not entitled to any compensation on termination of appointment or sale of the Company by the ultimate parent company, LondonMetric Property Plc. During the year the Company purchased and maintained liability insurance for its directors and officers as permitted by Section 234 of the Companies Act 2006.

The company secretary is Jadzia Duzniak and the registered office is 1 Curzon Street, London, W1J 5HB.

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Disclosure of information to the auditor

So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware. Each director has taken all the steps that they ought to have taken in their duty as a director in order to make themself aware of any relevant audit information and to establish that the Company's auditor is 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.

Political contribution

The company has not made any political donations or incurred any political expenditure during the period.

By order of the Board

Martin McGann

Martin McGann
Director
8 October 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

By order of the Board

Martin McGann

Martin McGann
Finance Director
One Curzon Street, London, W1J 5HB
8 October 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENBRICK LIMITED

Opinion
We have audited the financial statements of Penbrick Limited ("the company") for the period ended 27 June 2019 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 27 June 2019 and of its profit for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit
Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of investment property and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Directors' report
The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial period is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities
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.

Michael Froom (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill, Snow Hill Queensway
Birmingham, B4 6GH
9 October 2019

PENBRICK LIMITED
PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

	Notes	Period ended 27 June 2019 £	Year ended 30 June 2018 £
Gross rental income relating to investment properties	2	2,904,952	2,886,179
Property outgoings		-	(52)
Net rental income relating to investment properties		2,904,952	2,886,127
Administration expenses		(495,293)	(263,954)
Operating profit before net gains on investment and development properties		2,409,659	2,622,173
Revaluation of investment and development properties	7	1,929,673	2,021,737
Operating profit		4,339,332	4,643,910
Total finance income		-	-
Total finance costs		(210,725)	(247,714)
Net finance costs	5	(210,725)	(247,714)
Profit before tax	3	4,128,607	4,396,196
Taxation	6	-	-
Profit for the financial period being total comprehensive income for the period attributable to the owners of the parent		4,128,607	4,396,196

All operations are continuing.

The notes on pages 10 to 18 form part of the Financial Statements.

PENBRICK LIMITED
BALANCE SHEET

	Notes	27 June 2019 £	30 June 2018 £
Non-current assets			
Investment and development properties	7	51,955,000	50,150,000
		51,955,000	50,150,000
Current assets			
Trade and other receivables	8	150,597	10
		150,597	10
Total assets		52,105,597	50,150,010
Current liabilities			
Trade and other payables	9	(6,867,050)	(9,040,070)
		(6,867,050)	(9,040,070)
Net current liabilities		(6,716,453)	(9,040,060)
Non-current liabilities			
Borrowings		-	-
Total liabilities		(6,867,050)	(9,040,070)
Net assets		45,238,547	41,109,940
Equity			
Called up ordinary share capital	10	70,000	70,000
Retained earnings		45,168,547	41,039,940
Total equity		45,238,547	41,109,940

These financial statements were approved by the Board on 8 October 2019 and were signed on its behalf by:

Martin McGann

Martin McGann
Director

The notes on pages 10 to 18 form part of the financial statements.

PENBRICK LIMITED
STATEMENT OF CHANGES IN EQUITY

	Called up ordinary share capital £	Retained earnings £	Total equity £
Balance at 1 July 2017	70,000	36,643,744	36,713,744
Profit or loss	-	4,396,196	4,396,196
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	4,396,196	4,396,196
Transactions with owners, recorded directly in equity	-	-	-
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
Balance at 30 June 2018	70,000	41,039,940	41,109,940
Profit or loss	-	4,128,607	4,128,607
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	4,128,607	4,128,607
Transactions with owners, recorded directly in equity	-	-	-
Dividends	-	-	-
Total contributions by and distributions to owners	-	-	-
Balance at 27 June 2019	70,000	45,168,547	45,238,547

The notes on pages 10 to 18 form part of the financial statements.

PENBRICK LIMITED
NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies
Penbrick Limited (the "Company") is a company incorporated and domiciled in England, in the UK. The registered number is 4300477 and the registered address is One Curzon Street, London, W1J 5HB.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101").*

The presentation currency of these financial statements is sterling.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemption has been taken in these financial statements:

- Fair value or revaluation as deemed cost – At 1 July 2014, fair value has been used as deemed cost for properties previously measured at fair value.

Throughout the year, the Company's ultimate parent undertaking was A & J Mucklow Group Limited. The consolidated financial statements of A & J Mucklow Group Limited, which incorporate the accounts of the Company, are prepared in accordance with International Financial Reporting Standards and may be obtained from 1 Curzon Street, London, W1J 5HB.

On 27 June 2019, LondonMetric Property Plc acquired the entire issued share capital of A & J Mucklow Group Limited and became the Company's ultimate parent undertaking. The group accounts of LondonMetric Property Plc are available to the public and can be obtained from 1 Curzon Street, London, W1J 5HB.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures.

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of A & J Mucklow Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share-based payment; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below in note 1.

1 Accounting policies (continued)

Going concern

As set out in the Directors' Report and note 14, on the balance sheet date the ownership of A&J Mucklow Group Limited (including subsidiaries) changed such that it became a wholly owned subsidiary of LondonMetric Property Plc (hereafter LondonMetric), an entity registered and incorporated in the UK. Following the change in ownership the entity now participates in the LondonMetric treasury arrangements.

Notwithstanding net current liabilities of £6.7m at 27 June 2019 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Company is dependent for its working capital on funds provided to it by A&J Mucklow Group Limited, the Company's immediate parent undertaking. A&J Mucklow Group Limited has provided the company with an undertaking that, for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company and, in particular, will not seek repayment of any amounts currently made available, which at 27 June 2019 amounted to £5.6m. A&J Mucklow Group Limited is subsequently reliant on the financial support of LondonMetric.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

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

For the estimates used in the valuation of properties, which has a significant effect on the amounts recognised in the financial statements, management has used the valuation performed by its independent valuers as the fair value of its investment, development, owner-occupied and trading properties. The valuation is based upon assumptions, particularly the estimates made in relation to market comparable yield rates and estimated rental value (ERV). The valuation also uses market evidence of transaction prices for similar properties.

Significant accounting policies

Revenue recognition

Rental income

Gross rental income represents rents receivable for the year. Rent increases arising from rent reviews due during the year are taken into account only to the extent that such reviews have been agreed with tenants at the accounting date.

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Lease incentives are amortised on a straight-line basis over the lease term. Property operating expenses are expensed as incurred.

Revenue and profits on sale of investment, development and trading properties

Revenue and profits on sale of investment, development and trading properties are recognised on the completion of contracts. The amount of profit recognised is the difference between sale proceeds and the carrying amount.

Interest income

Interest income is recognised on an accruals basis when it falls due.

1 Accounting policies (continued)

Costs associated with properties

Costs associated with properties under the course of development include total development outgoings, including interest, attributable to properties held for development is added to the cost of such properties. A property is regarded as being in the course of development until practical completion.

Interest associated with direct expenditure on investment properties which are undergoing development or major refurbishment and development properties is capitalised. Direct expenditure includes the purchase cost of a site or property for development properties, but the original book cost of investment property under development or refurbishment is not included in the calculation of interest. Interest is capitalised gross from the start of the development work until the date of practical completion, but is suspended if there are prolonged periods when development activity is interrupted. The rate used is the rate on specific associated borrowings or, for that part of the development costs financed out of general funds, the average rate.

Valuation of properties

Investment properties are valued at the balance sheet date at fair value. Where investment properties are being redeveloped the property continues to be treated as an investment property. Gains and deficits attributable to the Group arising from revaluation are recognised in the profit and loss account and other comprehensive income. Valuation gains reflected in retained earnings are not distributable until realised on sale.

Properties under development are valued at fair value until practical completion, when they are transferred to investment properties. Valuation gains reflected in retained earnings are not distributable until realised on sale.

Capital grants

Capital grants received relating to the cost of building or refurbishing investment properties are deducted from the cost of the relevant property. Revenue grants are deducted from the related expenditure.

Taxation

A & J Mucklow Group was a Real Estate Investment Trust (REIT) throughout the period under review and to the date of its acquisition by LondonMetric Property Plc. As a REIT, it was not liable to pay tax on its property income or gains on property sales, provided that at least 90% of the Group's property income was distributed by way of dividend to shareholders. In addition, the Group had to meet certain conditions such as ensuring the property rental business represented more than 75% of total profits and assets.

On 27 June 2019 the Parent Company and Group was acquired by LondonMetric Property Plc and became part of its Group REIT and is expected to continue to operate within the REIT regulations for the foreseeable future.

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Tax is recognised in the statement of comprehensive income except for items that are reflected directly in equity, where the tax is also recognised in equity.

1 Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument. The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for any amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled, or they expire.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account and other comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of future cash flows discounted at the effective rate computed at initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

2 Revenue

	Period ended 27 June 2019	Year ended 30 June 2018
	£	£
Gross rental income from investment and development properties	2,904,952	2,886,179
	2,904,952	2,886,179

All revenue arose in the United Kingdom in both the current and prior periods.

3 Profit for the period

	Period ended 27 June 2019	Year ended 30 June 2018
	£	£
Profit for the period has been arrived at after charging/(crediting):		
Net gains on revaluation of investment and development properties*	(1,929,673)	(2,021,737)
Staff costs (see note 4)	408,569	191,378

The above expenses were borne by A & J Mucklow (Investments) Limited, a fellow subsidiary company, and the figures shown in the table above represent the amounts recharged to the company, except where marked with a *.

3 Profit for the period (continued)
Auditor's remuneration — KPMG LLP

	Period ended 27 June 2019 £	Year ended 30 June 2018 £
Fees payable to the Company's auditor and their associates for the audit of the Company's annual financial statements	1,250	1,250
Total audit fees	1,250	1,250
Audit related assurance services	-	-
Total non-audit fees	-	-

4 Staff costs (including directors)

Staff numbers and costs
The average monthly number of persons employed by the Group (including directors) during the period was as follows:

	Period ended 27 June 2019 Number	Year ended 30 June 2018 Number
Management	3	3
Property	1	1
Total employees	4	4

The aggregated payroll costs (including directors) were as follows:

	Period ended 27 June 2019 £	Year ended 30 June 2018 £
Wages and salaries	240,646	148,532
Share-based payment	112,449	18,213
Social security costs	50,542	19,720
Pension costs	4,932	4,913
	408,569	191,378

All payroll costs are borne by A & J Mucklow (Investments) Limited, a fellow subsidiary company, and the figures shown in the table above represent the amounts recharged to the company.

Pension arrangements
The Company operates defined contribution plans for qualifying permanent staff with payments invested with Standard Life Assurance Limited.

Pension contributions (including for directors) paid in the period ended 27 June 2019 amounted to £4,932 (2018: £4,913).

5 Net finance costs

	Period ended 27 June 2019 £	Year ended 30 June 2018 £
Finance costs on:		
Intercompany interest	210,725	247,714
Total finance costs	210,725	247,714
Finance income on:		
Short-term deposits	-	-
Total finance income	-	-
Net finance costs	210,725	247,714

6 Taxation

	Period ended 27 June 2019 £	Year ended 30 June 2018 £
Current tax		
- Corporation tax	-	-
	-	-
Deferred tax	-	-
Total tax in the profit and loss account and other comprehensive income	-	-

The tax for the period can be reconciled to the profit per the profit and loss account and other comprehensive income as follows:

	Period ended 27 June 2019 £	Year ended 30 June 2018 £
Profit before tax	4,128,607	4,396,196
Profit before tax multiplied by the standard rate of UK corporation tax of 19% (2018: 19%)	784,435	835,277
Effect of:		
REIT exempt income and gains	(784,435)	(835,277)
Group relieved	-	-
	-	-

The Company is a member of a REIT group; throughout the period under review it was a member of the A & J Mucklow Group Limited REIT and from 27 June 2019 it became part of the LondonMetric Property Plc group REIT. As a result, no UK corporation tax should be due on income or capital gains in respect of investment properties within the relevant REIT group.

7 Investment and development properties

	Investment £	Development £	Total £
At 1 July 2017	47,725,000	-	47,725,000
Lease incentives	403,263	-	403,263
Revaluation gain	2,021,737	-	2,021,737
At 1 July 2018	50,150,000	-	50,150,000
Lease incentives	(124,673)	-	(124,673)
Revaluation gain	1,929,673	-	1,929,673
At 27 June 2019	51,955,000	-	51,955,000

The closing book value shown above comprises £52.0m (2018: £50.2m) of freehold and £nil (2018: £nil) of leasehold properties.

7 Investment and development properties (continued)

	Freehold	Leasehold	Total
	£	£	£
Properties held at valuation on 27 June 2019:			
Cost	37,480,509	-	37,480,509
Valuation surplus	14,474,491	-	14,474,491
Valuation	51,955,000	-	51,955,000

	Freehold	Leasehold	Total
	£	£	£
Properties held at valuation on 30 June 2018:			
Cost	37,605,182	-	37,605,182
Valuation surplus	12,544,818	-	12,544,818
Valuation	50,150,000	-	50,150,000

The properties are stated at their 27 June 2019 fair value and are valued by Cushman & Wakefield, professionally qualified external valuers, in accordance with the RICS Valuation Professional Standards published by the Royal Institution of Chartered Surveyors. Cushman & Wakefield have recent experience in the relevant location and category of the properties being valued. Cushman & Wakefield is the trading name of Cushman & Wakefield Debenham Tie Leung Limited.

	27 June 2019	30 June 2018
	£	£
Cushman & Wakefield valuation	51,955,000	50,150,000
Investment and development properties as at 27 June	51,955,000	50,150,000

Additions to freehold and leasehold properties include capitalised interest of £nil (2018: £nil). The total amount of interest capitalised included in freehold and leasehold properties is £961,020 (2018: £961,020). Properties valued at £52.0m (2018: £50.2m) were subject to a security interest.

8 Trade and other receivables

	27 June 2019	30 June 2018
	£	£
Falling due in less than one year		
Trade receivables	150,597	10
	150,597	10

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Trade Receivables

No interest is charged on the receivables. An allowance has been made for estimated irrecoverable amounts from rental income of £658 (2018: £nil). This allowance has been determined by reference to past default experience.

The Company has provided fully for those receivable balances that it does not expect to recover. This assessment has been undertaken by reviewing the status of all significant balances that are past due and involves assessing both the reason for non-payment and the creditworthiness of the counterparty.

9 Trade and other payables

	27 June 2019 £	30 June 2018 £
Amounts due to Group undertakings	5,638,917	8,181,353
Deferred income in respect of rent and insurances	918,682	707,873
Trade payables	309,451	150,844
	6,867,050	9,040,070

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. Interest is chargeable on the overdue balances at various rates. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timescale.

10 Share capital

	27 June 2019 £	30 June 2018 £
Authorised		
Equity		
70,000 (2018: 70,000) ordinary shares of £1 each	70,000	70,000
Allotted, Called Up and Fully Paid		
Equity		
70,000 (2018: 70,000) ordinary shares of £1 each	70,000	70,000

11 Contingent liabilities
HSBC Bank plc held interlocking cross guarantees in respect of the Group's overdraft and loan facilities until the facilities were repaid and cancelled on 27 June 2019. Across the Group companies, there were outstanding liabilities of £nil (2018: £20.0m) under these guarantees at the period end.

The Company is a party to the £60.0m Scottish Widows term loan facility (2018: £60.0m) held by A & J Mucklow (Investments) Limited, a fellow subsidiary company of A & J Mucklow Group Limited, and properties owned by the Company are pledged as security for that facility.

The Company has, in the normal course of business, given guarantees in respect of development contracts.

12 Operating leases
The Company as lessor
The Company leases out all of its investment properties under operating leases.

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

	27 June 2019 £	30 June 2018 £
Not later than one year	3,110,614	2,952,343
Later than one year but not later than five years	9,356,987	9,947,107
Later than five years	4,478,258	5,916,563
	16,945,859	18,816,013

Property rental income earned during the period was £2,904,952 (2018: £2,886,179). Direct operating expenses arising on the investment property in the period amounted to £nil (2018: £52).

Lease terms vary depending upon the property use and the lease length, but no tenant has the option to purchase a property at the end of their lease.

13 Related parties

As a wholly owned subsidiary of A & J Mucklow Group Limited, the Company has taken advantage of the exemption available under FRS101 not to disclose transactions that have been made between the Company and other fellow subsidiaries of A & J Mucklow Group Limited.

14 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of A & J Mucklow Group Limited which was the ultimate parent company throughout the period under review and was incorporated in England and Wales.

The largest group in which the results of the Company are consolidated is that headed by A & J Mucklow Group Limited, incorporated in England and Wales. The consolidated financial statements of the group are available to the public and may be obtained from the registered office of the parent company, One Curzon Street, London, W1J 5HB.

Following completion of the acquisition of A & J Mucklow Group Limited by LondonMetric Property plc on 27 June 2019, the results of the company will be consolidated in the accounts of LondonMetric Property Plc and LondonMetric Property Plc is now the ultimate parent company

15 Subsequent events

There are no material events since 27 June 2019 to report.