

Company Registration No. 08336260

**LondonMetric Saturn Limited**

**Unaudited Annual Report and Financial  
Statements**

**For the year ended 31 March 2021**



# **LondonMetric Saturn Limited**

## **Unaudited annual report and financial statements for the year ended 31 March 2021**

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# **LondonMetric Saturn Limited**

## **Unaudited annual report and financial statements for the year ended 31 March 2021**

### **Company information**

#### **Directors**

Martin McGann  
Andrew Jones  
Valentine Beresford  
Mark Stirling

#### **Company Secretary**

Jadzia Duzniak

#### **Registered Office**

1 Curzon Street  
London  
W1J 5HB

## **LondonMetric Saturn Limited**

### **Directors' report**

The directors present their report with the unaudited financial statements for the year ended 31 March 2021.

#### **Small companies note**

The Company qualifies as a small company under section 382 of the Companies Act 2006 and accordingly has not produced a Strategic report. In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

#### **Business review and principal activities**

The principal activity of the Company is property investment. The directors do not anticipate any significant change in the principal activity in the foreseeable future.

The Company holds the following investment properties:

- Spenshill, Ipswich
- Dunstable Retail Park, Luton
- Units at Cannon Lane, Tonbridge
- Burlington Retail Park, New Maldon

During the year the Company sold St Margaret's Retail Park, Leicester for £26,305,000.

The Company is a guarantor under £400 million of revolving credit facilities and £660 million of private placements entered into by its parent company.

The Company is a wholly owned subsidiary of LondonMetric Property Plc and part of the LondonMetric Property Plc group ("the Group").

#### **Going concern**

The accounts have been prepared on a going concern basis. The Company is in a net asset position but has net current liabilities. The Company's parent, LondonMetric Property Plc, has confirmed its continuing financial support by way of an intercompany loan to be provided as and when required and therefore the directors consider the Company is in a position to meet its liabilities as they fall due for the foreseeable future, being a period of at least 12 months following the approval of these financial statements.

#### **Results and dividends**

The results for the Company show a pre-tax profit of £5,283,462 (2019/20: loss £7,549,638). Dividends of £20,852,296 (2019/20: £3,976,462) were paid during the year. The Company has net assets of £46,653,154 (2019/20: £52,151,888) and amounts owing to group companies of £30,655,761 (2019/20: £49,842,174).

#### **Directors**

The present directors of the Company all of whom served throughout the year and subsequently, unless otherwise stated, are as shown on page 1.

None of the directors have 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 Group.

The Group has arranged insurance cover in respect of legal action against its directors, which include the directors of the Company.

#### **Audit exemption taken for the year ended 31 March 2021**

The Company is exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of Section 479A of the Act, as disclosed on pages 174 to 175 of LondonMetric Property Plc Annual Report and Accounts 2021. The ultimate holding company and controlling party is LondonMetric Property Plc.

On behalf of the Board



**Martin McGann**  
Director

15 July 2021

## **LondonMetric Saturn Limited**

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 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 for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

# LondonMetric Saturn Limited

## Profit and loss account Year ended 31 March 2021

		Year ended 31 March 2021 £	Year ended 31 March 2020 £
	Notes		
Gross rental income		5,333,338	6,477,653
Property operating expenses		(743,207)	(808,223)
<b>Net rental income</b>		<b>4,590,131</b>	<b>5,669,430</b>
Profit/(loss) on revaluation of investment property	6	513,300	(11,840,426)
Profit on sale of investment property		1,640,092	53,720
<b>Operating profit/(loss)</b>		<b>6,743,523</b>	<b>(6,117,276)</b>
Finance income	3	5	517
Finance costs	4	(1,460,066)	(1,432,879)
<b>Profit/(loss) before tax</b>		<b>5,283,462</b>	<b>(7,549,638)</b>
Tax	5	-	-
<b>Profit/(loss) after tax</b>		<b>5,283,462</b>	<b>(7,549,638)</b>

All activities during the current and prior year are derived from continuing operations.

There are no other items of comprehensive income or expense in the current or prior year and therefore no statement of comprehensive income is shown.

The notes on pages 7 to 14 form part of these financial statements.

# LondonMetric Saturn Limited

## Balance sheet As at 31 March 2021

	Notes	31 March 2021 £	31 March 2020 £
<b>Non-current assets</b>			
Investment property	6	78,700,000	102,700,000
<b>Total non-current assets</b>		<b>78,700,000</b>	<b>102,700,000</b>
<b>Current assets</b>			
Trade and other receivables	7	81,312	430,734
<b>Total current assets</b>		<b>81,312</b>	<b>430,734</b>
<b>Total assets</b>		<b>78,781,312</b>	<b>103,130,734</b>
<b>Current liabilities</b>			
Trade and other payables	8	(1,472,397)	(1,136,672)
<b>Total current liabilities</b>		<b>(1,472,397)</b>	<b>(1,136,672)</b>
<b>Total assets less current liabilities</b>		<b>77,308,915</b>	<b>101,994,062</b>
<b>Non-current liabilities</b>			
Amounts owing to Group undertakings	9	(30,655,761)	(49,842,174)
<b>Total liabilities</b>		<b>(32,128,158)</b>	<b>(50,978,846)</b>
<b>Net assets</b>		<b>46,653,154</b>	<b>52,151,888</b>
<b>Equity</b>			
Share capital	10	42,236,030	47,763,430
Retained earnings		4,417,124	4,388,458
<b>Total equity</b>		<b>46,653,154</b>	<b>52,151,888</b>

For the financial year ending 31 March 2021 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006; and

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of LondonMetric Saturn Limited (registered number 08336260) were approved by the Board of Directors and authorised for issue on 15 July 2021 and signed on its behalf by:

*Martin McGann*

**Martin McGann**  
Director

The notes on pages 7 to 14 form part of these financial statements.

## LondonMetric Saturn Limited

### Statement of changes in equity Year ended 31 March 2021

	Share capital £	Retained earnings £	Total equity £
At 1 April 2020	47,763,430	4,388,458	52,151,888
Shares issued at par	10,070,100	-	10,070,100
Shares redeemed at par	(15,597,500)	15,597,500	-
Profit for the year	-	5,283,462	5,283,462
Dividends paid	-	(20,852,296)	(20,852,296)
<b>At 31 March 2021</b>	<b>42,236,030</b>	<b>4,417,124</b>	<b>46,653,154</b>

### Year ended 31 March 2020

	Share capital £	Retained earnings £	Total equity £
At 1 April 2019	47,763,430	15,914,558	63,677,988
Loss for the year	-	(7,549,638)	(7,549,638)
Dividends paid	-	(3,976,462)	(3,976,462)
<b>At 31 March 2020</b>	<b>47,763,430</b>	<b>4,388,458</b>	<b>52,151,888</b>

The notes on pages 7 to 14 form part of these financial statements.

## **LondonMetric Saturn Limited**

### **Notes to the financial statements Year ended 31 March 2021**

#### **1. Significant accounting policies**

##### **a) General information**

LondonMetric Saturn Limited is a private limited company incorporated in England under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the business review on page 2.

##### **b) Statement of compliance**

The Company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have been prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash-flow statement, financial instruments, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures have been given in the group accounts of LondonMetric Property Plc. The group accounts of LondonMetric Property Plc are available to the public and can be obtained as set out in note 12.

##### **c) Going concern**

The financial statements have been prepared on a going concern basis. This is discussed further in the Directors' report on page 2.

##### **d) Basis of preparation**

The functional and presentational currency of the Company is sterling. The financial statements are prepared on the historical cost basis except that investment properties are stated at fair value.

The accounting policies have been applied consistently in all material respects except for the adoption of new and revised standards as noted below.

##### **Significant accounting estimates and judgements**

The preparation of financial statements in conformity with FRS101 requires directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

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.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the revision affects both current and future periods, the change is recognised over those periods.

The accounting policies subject to significant judgements and estimates are as follows:

##### **Significant areas of estimation uncertainty**

##### **Property valuations**

The valuation of investment properties is a critical part of the Company's performance. The Company carries investment properties at fair value in the balance sheet and engages professionally qualified external valuers to undertake six monthly valuations.

## **LondonMetric Saturn Limited**

### **Notes to the financial statements (continued) Year ended 31 March 2021**

#### **1. Significant accounting policies (continued)**

##### **d) Basis of preparation (continued)**

The determination of the fair value of each property requires, to the extent applicable, the use of estimates and assumptions in relation to factors such as estimated rental value and current market yields. In addition, to the extent possible, the valuers make reference to market evidence of transaction prices for similar properties.

The fair value of a development property is determined by using the 'residual method', which deducts all estimated costs necessary to complete the development, together with an allowance for development risk, profit and purchasers' costs, from the fair valuation of the completed property.

The Covid-19 pandemic has led to a heightened degree of uncertainty surrounding property valuations and some real estate markets have experienced lower transactional activity. At the 31 March 2020 valuation date, the valuers included a material uncertainty clause in their valuation report. At 31 March 2021 the valuers considered that there was adequate market evidence upon which to base opinions of value and have not included a material uncertainty clause in their valuation report.

##### **Significant transactions**

Some property transactions are large or complex and require judgements to be made on the appropriate accounting treatment. Complexities include conditionality inherent in transactions and other unusual terms and conditions. There is a risk that an inappropriate approach could lead to a misstatement in the financial statements.

##### **e) Property portfolio**

###### **i) Investment properties**

Investment properties are properties owned or leased by the Company which are held for long term rental income and for capital appreciation. Investment property may include property that is being constructed, developed or redeveloped for future use as an investment property. Investment property is initially recognised at cost, including related transaction costs. It is subsequently carried at each published balance sheet date at fair value on an open market basis as determined by professionally qualified independent external valuers. Changes in fair value are included in the profit and loss account. Where a property held for investment is appropriated to development property, it is transferred at fair value. A property ceases to be treated as a development property on practical completion.

In accordance with IAS 40 Investment Properties, no depreciation is provided in respect of investment properties.

Investment property is recognised as an asset when:

- it is probable that the future economic benefits that are associated with the investment property will flow to the Company; and
- the cost of the investment property can be measured reliably.

All costs directly associated with the purchase and construction of a development property are capitalised. Capital expenditure that is directly attributable to the redevelopment or refurbishment of investment property, up to the point of it being completed for its intended use, is included in the carrying value of the property.

## **LondonMetric Saturn Limited**

### **Notes to the financial statements (continued)** **Year ended 31 March 2021**

#### **1. Significant accounting policies (continued)**

##### **e) Property portfolio (continued)**

###### **ii) Assets held for sale**

An asset is classified as held for sale if its carrying amount is expected to be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset is available for sale in its present condition and management are committed to the sale and expect it to complete within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying amount and the fair value.

###### **iii) Tenant leases**

Rent receivable is recognised in the profit and loss account on a straight-line basis over the term of the lease. In the event that a lease incentive is granted to a lessee, such incentives are recognised as an asset, with the aggregate cost of the incentive recognised as a reduction in rental income on a straight-line basis over the term of the lease or to the first break option if earlier.

###### **iv) Net rental income**

Rental income from investment property leased out under an operating lease is recognised in the profit or loss on a straight line basis over the lease term.

Contingent rents, such as turnover rents, rent reviews and indexation, are recorded as income in the periods in which they are earned. Rent reviews are recognised when such reviews have been agreed with tenants.

Surrender premiums receivable are recognised on completion of the surrender.

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 earlier of the first break option or the lease termination date. Lease incentives and costs associated with entering into tenant leases are amortised over the period from the date of lease commencement to the earlier of the first break option or the lease termination date.

Property operating expenses are expensed as incurred and any property operating expenditure not recovered from tenants through service charges is charged to the profit and loss account.

###### **v) Profit and loss on sale of investment properties**

Profits and losses on sales of investment properties are recognised at the date of legal completion rather than exchange of contracts and calculated by reference to the carrying value at the previous period end valuation date, adjusted for subsequent capital expenditure.

###### **f) Financial assets and financial liabilities**

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual terms of the instrument.

#### **Financial instruments under IFRS 9**

##### **i) Trade receivables**

Trade receivables are initially recognised at their transaction price and subsequently carried at amortised cost as the Company's business model is to collect the contractual cash flows due from tenants. An impairment provision is created based on lifetime expected credit losses, which reflect the Company's historical credit loss experience and an assessment of current and forecast economic conditions at the reporting date. The impact of Covid-19 has given rise to higher estimated probability of default for some occupiers.

## LondonMetric Saturn Limited

### Notes to the financial statements (continued) Year ended 31 March 2021

#### 1. Significant accounting policies (continued)

##### f) Financial assets and financial liabilities (continued)

###### ii) Trade and other payables

Trade payables and other payables are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest method.

###### g) Finance costs and income

Net finance costs include interest payable on borrowings, net of interest capitalised and finance costs amortised.

Interest is capitalised if it is directly attributable to the acquisition, construction or redevelopment of development properties from the start of the development work until practical completion of the property. Capitalised interest is calculated with reference to the actual interest rate payable on specific borrowings for the purposes of development or, for that part of the borrowings financed out of general funds, with reference to the parent Group's weighted average cost of borrowings.

Finance income includes interest receivable on funds invested at the effective rate and notional interest receivable on forward funded developments at the contractual rate.

###### h) Tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, together with any adjustment in respect of previous years to the extent applicable.

###### i) Dividends

Dividends on equity shares are recognised when they become legally payable.

#### 2. Administration expenses

##### Employees

There were no employees directly employed by the Company during the current or prior year.

##### Directors' remuneration

The directors received no remuneration in respect of their services to the Company during the current or prior year. Messrs Jones and McGann are also directors of LondonMetric Property Plc, the Company's ultimate holding company, and their remuneration is disclosed in the financial statements of that company.

#### 3. Finance income

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Bank interest received	-	19
Other interest receivable	5	498
	<u>5</u>	<u>517</u>

# LondonMetric Saturn Limited

## Notes to the financial statements (continued) Year ended 31 March 2021

### 4. Finance costs

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Interest payable on intercompany loan balance	1,460,066	1,444,502
Interest capitalised	-	(11,623)
	<u>1,460,066</u>	<u>1,432,879</u>

### 5. Tax

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
<b>Current tax</b>		
Current tax on profit/(loss) for the year	-	-
<b>Total tax on ordinary activities</b>	<u>-</u>	<u>-</u>

#### Factors affecting tax for the year

The tax charge differs from the standard rate of corporation tax in the UK. The differences are explained below:

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Profit/(loss) on ordinary activities before tax	<u>5,283,462</u>	<u>(7,549,638)</u>
Tax on profit/(loss) on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019/20: 19%)	1,003,858	(1,434,431)
Effects of: REIT tax exemption	<u>(1,003,858)</u>	<u>1,434,431</u>
<b>Total tax on ordinary activities</b>	<u>-</u>	<u>-</u>

#### Factors that may affect future tax charges

The Company is a member of a REIT group, as part of the LondonMetric Property Plc group. As a result, no UK corporation tax should be due on future income or capital gains in respect of investment properties within the REIT group.

## LondonMetric Saturn Limited

### Notes to the financial statements (continued) Year ended 31 March 2021

#### 6. Investment property

Investment property consists of land and buildings held for rental income and capital growth, and land and properties held for or in the course of redevelopment. All investment property is freehold.

	31 March 2021 £	31 March 2020 £
At 1 April	102,700,000	113,275,000
Additions	143,962	430,160
Disposals	(21,972,399)	53,720
Revaluation movement	513,300	(11,840,426)
	<hr/> 81,384,863	<hr/> 101,918,454
Tenant lease incentives, letting fees and accrued rental income	(2,684,863)	781,546
	<hr/> 78,700,000	<hr/> 102,700,000
At 31 March	<hr/> <hr/>	<hr/> <hr/>
Property held at valuation		
- cost	73,917,609	99,243,477
- cumulative valuation gain	4,782,391	3,456,523
	<hr/> 78,700,000	<hr/> 102,700,000
At 31 March	<hr/> <hr/>	<hr/> <hr/>

#### Valuation

At 31 March 2021, the Company's freehold investment properties were externally valued by the Royal Institution of Chartered Surveyors (RICS) Registered Valuers of CBRE Limited ("CBRE") Chartered Surveyors, at £78,700,000 (31 March 2020: £102,700,000).

The valuation was prepared in accordance with the RICS Valuation – Professional Standards 2014 on the basis of fair value. Fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. There has been no change in the valuation technique in the year. The total fees earned by CBRE from the Company represent less than 5% of their total UK revenues. The valuer has continuously been the signatory of valuations for the Company since March 2013 and has therefore carried out valuation and professional services on behalf of the Company for more than five years.

At 31 March 2021 and the prior year end no contractual obligations had been entered into which had not been provided for in the financial statements.

#### 7. Trade and other receivables

	31 March 2021 £	31 March 2020 £
Trade receivables	57,687	397,313
Other receivables	23,625	33,421
	<hr/> 81,312	<hr/> 430,734
	<hr/> <hr/>	<hr/> <hr/>

All amounts fall due for payment in less than one year.

Trade receivables comprise rental income which is due on contractual quarter days with no credit period. At 31 March 2021 and the prior year end no trade receivables were overdue and considered at risk.

## LondonMetric Saturn Limited

### Notes to the financial statements (continued) Year ended 31 March 2021

#### 8. Trade and other payables

	31 March 2021 £	31 March 2020 £
Trade payables	2,102	142,555
Amounts payable on property acquisitions and disposals	305,815	23,880
Rent received in advance	613,820	648,015
VAT payable	483,316	187,780
Other accruals and deferred income	67,344	134,442
	<u>1,472,397</u>	<u>1,136,672</u>

Trade payables are interest free and have settlement dates within one year. The directors consider that the carrying amount of trade and other payables approximates their fair value.

#### 9. Amounts owing to Group undertakings

Intercompany loans have no fixed repayment terms and are interest bearing at the LondonMetric Property Plc group's weighted average cost of debt. LondonMetric Property Plc has agreed that it will not demand repayment of the intercompany loan balance within the next twelve months.

#### 10. Share capital

	31 March 2021	31 March 2020
<b>Number</b>		
Ordinary shares of £1 each	<u>42,236,030</u>	<u>47,763,430</u>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	<u>42,236,030</u>	<u>47,763,430</u>

The Company has one class of ordinary shares, which carry no right to fixed income.

On 16 September 2020, 10,070,100 £1 ordinary shares were issued at par.

On 26 March 2021, 15,597,500 ordinary shares of £1 each were redeemed at par.

Dividends of £1,952,296 (3.38 pence per share) and £18,900,000 (44.75 pence per share) were paid on 16 September 2020 and 26 March 2021 respectively.

In the prior year a dividend of £3,976,462 (8.32 pence per share), was paid on 18 December 2019.

#### 11. Operating leases

##### The Company as lessor

The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	31 March 2021 £	31 March 2020 £
Less than one year	4,758,023	6,809,059
Between one and five years	18,542,756	27,409,964
Greater than five years	17,700,018	35,569,403
	<u>41,000,797</u>	<u>69,788,426</u>

## **LondonMetric Saturn Limited**

### **Notes to the financial statements (continued) Year ended 31 March 2021**

#### **12. Controlling party information**

The Company's immediate and ultimate parent company is LondonMetric Property Plc. LondonMetric Property Plc is the parent of the smallest and largest group to prepare consolidated accounts that incorporate the Company. Copies of the consolidated accounts of LondonMetric Property Plc can be obtained from its registered office at 1 Curzon Street, London W1J 5HB and its website [www.londonmetric.com](http://www.londonmetric.com).