

# Langtree Property Partners Limited

Registered number: 09245496

## Directors' report and financial statements

For the year ended 31 March 2017

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**LANGTREE PROPERTY PARTNERS LIMITED**

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**COMPANY INFORMATION**

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**Directors**

Mr J Downes  
Mr M Jackson  
Mr N Biddle  
Ms J Furnival  
Mr T Johnston  
Mr A Clery

**Registered number**

09245496

**Registered office**

St James Business Centre  
Wilderspool Causeway  
Warrington  
WA4 6PS

**Independent auditor**

Mazars LLP  
Chartered Accountants & Statutory Auditor  
One St Peter's Square  
Manchester  
M2 3DE

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**LANGTREE PROPERTY PARTNERS LIMITED**

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## LANGTREE PROPERTY PARTNERS LIMITED

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### CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

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The chairman presents his statement for the period.

It hardly seems a year since I wrote the very first Chairman's statement for Langtree Property Partners Limited. Then, I was pleased to report a very positive first year of trading and I am delighted to report that our second year has been even better. Including a one-off profit item in the year, our profit before tax has increased from £0.3m in 2015/2016 to £2.1m in 2016/2017. The net asset value of the business now stands at £2.8m, an increase of 250% from our opening position 2 years ago. This growth is reflected in the Langtree team which now stands at 35, including site based management staff, and comprises well-resourced and experienced property management and property development teams led by the respective Directors.

In just two years the Group has firmly established itself in the property industry with a solid and trusted reputation, and there is no doubt that the business now functions in a manner expected of a mature well-established company. Our firm intention from the outset was to focus our energy towards the joint venture (JV) assets we acquired in the Management Buyout in 2015, to make sure that there was a seamless transition for our joint venture partners. I am confident from the continued reaction that we receive from our partners that we achieved this objective as our public/private JVs continue to flourish. In fact they have been the source of much interest from other authorities looking to establish new partnerships with the private sector to drive economic development in their respective locations.

Our JV at SciTech Daresbury is a partnership with Halton Council and the Science and Technology Facilities Council and in the year, we completed the latest phase of development, known as the Techspace Project. The project was developed by Langtree on behalf of Sci-Tech Daresbury and comprises two speculative Grade A office/laboratory buildings, T1 and T2, totalling 50,000 sq. ft. The project has made an excellent start with T1 attracting its first tenants including Hitachi High - Technologies Europe and T2 is already 50% let. Given the very strong performance of the Techspace Project the Board has recently commissioned the next phase of development at SciTech Daresbury, known as "Project Violet". This new phase will comprise three buildings totalling 50,000 sq. ft. and a planning application should be submitted before the end of this calendar year. Finally, we were pleased to see the re-branding of the former Cockcroft Institute building this year to become the Hartree Centre, which is now home to a new joint venture between STFC and IBM, bringing yet another exciting activity onto the campus.

At Parkside, our JV with St. Helens Council, we will shortly be submitting our first planning application for Phase 1 of the site's development, totalling almost 1 million sq. ft. An exciting development for the site is the promotion by St Helens Council of a new access road to connect the site to the motorway network. This so-called Parkside Link Road will ultimately serve as the primary access to the motorway network for the entire site. In total the site can accommodate up to 2.7 million sq. feet of logistics and manufacturing space.

Wire Regeneration, our JV with Warrington Borough Council, has also made significant progress this year towards its aim to regenerate the Southern Gateway area of the town centre. The JV already owns some £8.4m of property assets in the Gateway area, including acquisitions undertaken in the year with more planned in the coming year. The JV is now focused on delivering the first phase of development which includes residential development, changes to the existing bus depot and improvements to the existing St. James Business Centre.

Our partnership with Oldham Council for the Hollinwood regeneration scheme on Junction 22 of the M60 is also now firmly on track. Site marketing has commenced and we should see our first deal completed this coming year with development commencing on the first phase, and further deals are already in hand for the wider site.

During the year we were also very pleased to see our partnership with fund manager PGIM Real Estate continues to develop. Langtree now manages a total of 22 industrial estates for PGIM, the sites being owned by the John Lewis Partnership Pension Trust. In addition, we have assisted PGIM Real Estate in the purchase of additional industrial investment assets and we are overseeing significant redesign and refurbishment schemes on a number of the industrial investment properties in their portfolio, including their latest acquisitions of Lyntown Trading Estate in Salford and Transpennine Trading Estate in Rochdale.

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## LANGTREE PROPERTY PARTNERS LIMITED

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### CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

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We now operate a number of third party management contracts comprising both industrial, office and residential for clients such as Warrington Borough Council where we manage both multi- let office space and industrial space in their ownership. The Group now manages a total of 2.3 million sq. ft. of property accommodating some 450 tenants in the North West, Yorkshire and the Midlands, with a rent roll of some £15m.

Our in-house property management team provides a total property management solution both for our own investments and for our managed portfolio, including a full in-house marketing capability. In total we now manage over £200 million of assets.

So, as we enter our third year of trading, having firmly established the business as we set out to do, we are now confident that we have the capacity to cautiously grow the business in a very focused way. As ever, the standing of a business of this type relies upon the strength of its relationships and we are very conscious that for Langtree to grow successfully, we need to ensure that when considering any new opportunities we can service them with our utmost commitment, without diluting or being distracted from continuing to provide the best possible service to our existing relationships.

In summary, 2016/17 has been another excellent year for Langtree; its reputation and standing in the real estate market has been enhanced which we see witnessed by the very positive feedback we receive from our clients and partners. This reputation, coupled with our very sound financial base and business plan, gives us every confidence that we will see the value of the business rise again next year as we enter our next "focussed growth" phase.

I would like to give my thanks to the dedicated Langtree team and to our Board for their hard work and enthusiasm which once again has been outstanding. We also work closely with a small group of advisors and contractors who I would also like to thank for their dedication to our business. Thanks is due to Network Space for its continuing financial support and as a minority shareholder in Langtree.

Finally, I would like to give my warmest thanks to our clients and JV partners for the exceptional continued support that they provide to Langtree and we look forward to developing our fruitful partnerships working with them to achieve our mutual objectives in the years ahead.



Name Mr T Johnston  
Chairman

Date 31st October 2017

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## LANGTREE PROPERTY PARTNERS LIMITED

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### GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

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#### Introduction

The directors present their Strategic Report for Langtree Property Partners Limited for the year ended 31 March 2017.

#### Business review

The directors are satisfied with the financial performance of the Group in 2017. The profit for the year, after taxation, amounted to £1,696,902 (2016: £343,058) and has been taken to reserves. The directors do not propose the payment of a dividend for the year.

#### Principal risks and uncertainties

The Group has a monthly board meeting, which is chaired by a Non-Executive Director. Performance is monitored for all Group companies against detailed budgets. The board consider all material operating items arising from the presentation of written reports in the board pack.

All outstanding trade debtors are reviewed formally each month and appropriate debt recovery action taken. The level of enquiry activity across the investment portfolio is monitored on a weekly basis.

#### Financial key performance indicators

At Group level the board focuses on strategies to create growth in net asset value. On existing tenanted sites, the Group concentrates on key rental statistics such as occupancy and passing rent, together with site profitability. For development sites the group use internal rate of return as it primary key performance indicator. For management contracts the group focuses on gross profit return.

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



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Mr J Downes  
Director

Date: 31/10/17

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## LANGTREE PROPERTY PARTNERS LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

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The Directors present their report and the financial statements for the year ended 31 March 2017.

#### Principal activity

The principal activities of the Company and Group are property investment, management and development.

#### Results and dividends

The profit for the year, after taxation, amounted to £1,696,902 (2016 - £343,058).

No dividend has been paid or declared for the year ended 31 March 2017 (2016: £Nil)

#### Directors

The Directors who served during the year were:

Mr J Downes  
Mr M Jackson  
Mr N Biddle  
Ms J Furnival  
Mr T Johnston  
Mr A Clery

#### Directors' responsibilities statement

The Directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**LANGTREE PROPERTY PARTNERS LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2017**

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**Future developments**

In the coming year we plan to build on the successful first two years of trading. We will continue to drive forward the objectives of the respective joint ventures and provide the best possible service to our existing clients. We have a sound financial base and are confident that the Group will grow next year by continuing our current activity together with focused and cautious growth.

**Disclosure of information to auditor**

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

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

**Post balance sheet events**

There have been no significant events affecting the Group since the year end.

**Auditor**

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

**Small companies note**

This report has been prepared in accordance with the small companies regime of the Companies Act 2006.

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



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Mr J Downes  
Director

Date:

31/10/17

St James Business Centre  
Wilderspool Causeway  
Warrington  
WA4 6PS



## Independent auditor's report to the members of Langtree Property Partners Limited

We have audited the financial statements of Langtree Property Partners Limited for the year ended 31 March 2017 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. 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) FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

### Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities 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.

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. 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.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

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

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

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



Gareth Hitchmough (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

One St. Peter's Square  
Manchester  
M2 3DE

Date 1 November 2017

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**LANGTREE PROPERTY PARTNERS LIMITED**

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2017**

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	<b>Note</b>	<b>2017 £</b>	<b>2016 £</b>
Turnover	<b>4</b>	9,557,503	1,029,828
Cost of sales		(6,281,779)	-
<b>Gross profit</b>		<u>3,275,724</u>	<u>1,029,828</u>
Administrative expenses		(967,567)	(624,594)
<b>Operating profit</b>	<b>5</b>	<u>2,308,157</u>	<u>405,234</u>
(Loss)/Income from participating interests		(36,648)	337,383
Interest receivable and similar income	<b>9</b>	4,424	1,580
Interest payable and expenses	<b>10</b>	(147,959)	(426,397)
<b>Profit before taxation</b>		<u>2,127,974</u>	<u>317,800</u>
Tax on profit	<b>11</b>	(431,072)	25,258
<b>Profit for the financial year</b>		<u><u>1,696,902</u></u>	<u><u>343,058</u></u>
<b>Profit for the year attributable to:</b>			
Owners of the parent Company		<u><u>1,696,902</u></u>	<u><u>343,058</u></u>

There were no recognised gains and losses for 2017 or 2016 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 14 to 32 form part of these financial statements.

**LANGTREE PROPERTY PARTNERS LIMITED**  
**REGISTERED NUMBER: 09245496**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	13	24,848	28,927
Investments in joint ventures	14	4,131,972	4,168,619
		<u>4,156,820</u>	<u>4,197,546</u>
<b>Current assets</b>			
Stocks	16	-	7,413,495
Debtors: amounts falling due within one year	17	337,660	445,107
Cash at bank and in hand	18	945,323	1,642,885
		<u>1,282,983</u>	<u>9,501,487</u>
Creditors: amounts falling due within one year	19	(906,473)	(7,958,502)
<b>Net current assets</b>		<u>376,510</u>	<u>1,542,985</u>
<b>Total assets less current liabilities</b>		<u>4,533,330</u>	<u>5,740,531</u>
Creditors: amounts falling due after more than one year	20	(1,700,000)	(4,607,473)
<b>Provisions for liabilities</b>			
Deferred taxation	23	(3,370)	-
<b>Net assets</b>		<u><u>2,829,960</u></u>	<u><u>1,133,058</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	100	100
Share premium account	25	789,900	789,900
Profit and loss account	25	2,039,960	343,058
		<u><u>2,829,960</u></u>	<u><u>1,133,058</u></u>

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

  
**Mr J Downes**  
**Director**

Date: 31/10/17

The notes on pages 14 to 32 form part of these financial statements.

**LANGTREE PROPERTY PARTNERS LIMITED**  
**REGISTERED NUMBER: 09245496**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	13	24,848	28,927
Investments	14	3,831,236	3,831,236
		<u>3,856,084</u>	<u>3,860,163</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	17	337,659	267,550
Cash at bank and in hand	18	615,906	572,960
		<u>953,565</u>	<u>840,510</u>
Creditors: amounts falling due within one year	19	(746,153)	(348,666)
<b>Net current assets</b>		<u>207,412</u>	<u>491,844</u>
<b>Total assets less current liabilities</b>		<u>4,063,496</u>	<u>4,352,007</u>
Creditors: amounts falling due after more than one year	20	(1,700,000)	(3,317,000)
<b>Provisions for liabilities</b>			
Deferred taxation	23	(3,370)	(3,962)
<b>Net assets</b>		<u><u>2,360,126</u></u>	<u><u>1,031,045</u></u>
<b>Capital and reserves</b>			
Called up share capital	24	100	100
Share premium account	25	789,900	789,900
Profit and loss account	25	1,570,126	241,045
		<u><u>2,360,126</u></u>	<u><u>1,031,045</u></u>

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

  
**Mr J Downes**  
**Director**

Date: 31/10/17

The notes on pages 14 to 32 form part of these financial statements.

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**LANGTREE PROPERTY PARTNERS LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£
At 1 April 2016	100	789,900	343,058	1,133,058
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,696,902	1,696,902
<b>At 31 March 2017</b>	<u>100</u>	<u>789,900</u>	<u>2,039,960</u>	<u>2,829,960</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	£	£	£	£
At 1 April 2015	2	-	-	2
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	343,058	343,058
Shares issued during the year	98	789,900	-	789,998
<b>At 31 March 2016</b>	<u>100</u>	<u>789,900</u>	<u>343,058</u>	<u>1,133,058</u>

The notes on pages 14 to 32 form part of these financial statements.

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**LANGTREE PROPERTY PARTNERS LIMITED**

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2017**

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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2016	100	789,900	241,045	1,031,045
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,329,081	1,329,081
<b>At 31 March 2017</b>	<u>100</u>	<u>789,900</u>	<u>1,570,126</u>	<u>2,360,126</u>

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**COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2016**

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	<b>Called up share capital</b>	<b>Share premium account</b>	<b>Profit and loss account</b>	<b>Total equity</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2015	2	-	-	2
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	241,045	241,045
Shares issued during the year	98	789,900	-	789,998
<b>At 31 March 2016</b>	<u>100</u>	<u>789,900</u>	<u>241,045</u>	<u>1,031,045</u>

The notes on pages 14 to 32 form part of these financial statements.

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**LANGTREE PROPERTY PARTNERS LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017**

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	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	1,696,902	343,058
<b>Adjustments for:</b>		
Depreciation of tangible assets	9,268	453
Interest paid	147,959	426,397
Interest received	(4,424)	(1,580)
Corporation tax (paid)/received	(3,750)	-
Taxation charge	431,072	(25,258)
Decrease/(increase) in stocks	7,413,495	(7,413,495)
Decrease/(increase) in debtors	78,439	(416,096)
(Decrease)/increase in creditors	(7,446,974)	7,954,751
Share of operating loss/(profit) in joint ventures	36,648	(337,383)
<b>Net cash generated from operating activities</b>	<u>2,358,635</u>	<u>530,847</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(5,189)	(29,380)
Purchase of share in joint ventures	-	(3,831,236)
Interest received	4,424	1,580
Government grants (used)/received	(1,290,473)	1,290,473
<b>Net cash from investing activities</b>	<u>(1,291,238)</u>	<u>(2,568,563)</u>
<b>Cash flows from financing activities</b>		
Issue of ordinary shares	-	789,998
Other new loans	-	3,317,000
Repayment of other loans	(1,617,000)	-
Interest paid	(147,959)	(426,397)
<b>Net cash (used)/from financing activities</b>	<u>(1,764,959)</u>	<u>3,680,601</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(697,562)</u>	<u>1,642,885</u>
Cash and cash equivalents at beginning of year	<u>1,642,885</u>	<u>-</u>
<b>Cash and cash equivalents at the end of year</b>	<u><u>945,323</u></u>	<u><u>1,642,885</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	<u><u>945,323</u></u>	<u><u>1,642,885</u></u>

The notes on pages 14 to 32 form part of these financial statements.



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## LANGTREE PROPERTY PARTNERS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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#### 1. General information

Langtree Property Partners Limited ("the Company") is a limited company incorporated in England and Wales.

The address of its registered office and principal place of business is:  
St James Business Centre  
Wilderspool Causeway  
Warrington  
WA4 6PS

Langtree Property Partners Limited is a parent undertaking and therefore these consolidated financial statements present the financial information of the Company and its subsidiary undertakings (together referred to as "the Group").

#### 2. Accounting policies

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

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

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

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

##### 2.3 Going concern

The business meets its day to day working capital requirements from the initial equity contributed to the partnership and the ongoing profitability from operating cashflows.

After making enquires, the directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**2. Accounting policies (continued)**

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**2.5 Tangible fixed assets**

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Motor vehicles	-	25% straight line
Fixtures & fittings	-	25% straight line
Office equipment	-	25% straight line

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

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**LANGTREE PROPERTY PARTNERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)****2.6 Investment in joint ventures**

Entities which are jointly controlled by the Group and one or more other venturers under a contractual arrangement are treated as jointly controlled entities and are accounted for using the equity method in the consolidated financial statements.

Under the equity method of accounting, investments in jointly controlled entities are initially recognised at the transaction price, including transaction costs, and are subsequently adjusted to reflect the Group's share of the profit or loss, other comprehensive income and equity.

**2.7 Investments in subsidiaries**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.8 Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is based on the purchase price of acquired development land and subsequent development costs.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

**2.9 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.10 Cash and cash equivalents**

Cash and cash equivalents comprises cash in hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

**2.11 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.12 Financial instruments**

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.13 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Consolidated Statement of Comprehensive Income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Consolidated Statement of Comprehensive Income in the same period as the related expenditure.

**2.14 Finance costs**

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.15 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

**2.16 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

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**LANGTREE PROPERTY PARTNERS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**2. Accounting policies (continued)**

**2.17 Interest income**

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

**2.18 Borrowing costs**

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

**2.19 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

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**2. Accounting policies (continued)**

**2.20 Current and deferred taxation**

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

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**LANGTREE PROPERTY PARTNERS LIMITED**

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**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

In applying the Group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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

**Significant accounting judgements**

The significant accounting judgements that the directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

**(i) Assessing development land valuations**

In assessing whether there have been any indicators of impairment of assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

**(ii) Determining fair values of joint venture investments.**

The Group has joint venture investments which hold significant land and investment property assets. These assets are carried at a fair value determined by an independent valuer at each reporting date.

Due to restricted control and influence, pertained through the public sector joint venture relationships, the Group is unable to realise the full asset value of development land and investment properties.

The Group has therefore determined the fair value of joint venture investments by taking account of expected future cash flows, discounted at the Group's weighted average cost of capital. Refer to note 14.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(i) Recoverability of receivables**

The Group establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

**4. Turnover**

The whole of the turnover is attributable to the Group and Company's principal activity.

All turnover arose within the United Kingdom.

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**LANGTREE PROPERTY PARTNERS LIMITED**

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**5. Operating profit**

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	9,268	453
Auditors' remuneration	12,610	8,750
Defined contribution pension cost	33,031	44,173
	<u>          </u>	<u>          </u>

**6. Auditor's remuneration**

	2017 £	2016 £
<b>Fees payable to the Group's auditor in respect of:</b>		
The auditing of accounts of the Group pursuant to legislation	6,000	9,500
The auditing of accounts of associates of the Group pursuant to legislation	2,000	2,000
The audit of joint ventures of the Group	13,000	13,000
Other services relating to taxation	6,500	6,500
All other non-audit services not included above	5,000	5,000
	<u>          </u>	<u>          </u>
	<u>32,500</u>	<u>36,000</u>



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**7. Employees**

Staff costs, including Directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	1,155,087	728,014
Social security costs	117,641	77,865
Costs of defined contribution pension scheme	59,878	66,424
	<u>1,332,606</u>	<u>872,303</u>
Less recharge to joint ventures	(585,716)	(375,620)
	<u>746,890</u>	<u>496,683</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2017 No.	2016 No.
Administration	14	14
Senior Management	4	3
Staff recharged to joint ventures	11	10
	<u>29</u>	<u>27</u>

**8. Directors' remuneration**

	2017 £	2016 £
Directors' emoluments	393,329	298,342
Company contributions to defined contribution pension schemes	20,779	37,739
	<u>414,108</u>	<u>336,081</u>

During the year retirement benefits were accruing to 4 Directors (2016 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £140,233 (2016 - £101,921).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £9,666 (2016 - £24,010).

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**9. Interest receivable**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Other interest receivable	<u>4,424</u>	<u>1,580</u>

**10. Interest payable and similar charges**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Other loan interest payable	<u>147,959</u>	<u>426,397</u>

**11. Taxation**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Corporation tax</b>		
Current tax on profits for the year	<u>398,694</u>	<u>3,750</u>
<b>Total current tax</b>	<u>398,694</u>	<u>3,750</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<u>32,378</u>	<u>(29,008)</u>
<b>Total deferred tax</b>	<u>32,378</u>	<u>(29,008)</u>
<b>Taxation on profit/(loss) on ordinary activities</b>	<u>431,072</u>	<u>(25,258)</u>

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

The tax assessed for the year is higher than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	2,127,974	317,800
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	425,595	63,560
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,248	1,610
Capital allowances for year in excess of depreciation	(49)	(209)
Utilisation of tax losses	1,610	-
Changes in provisions leading to a (decrease)/increase in the tax charge	(418)	-
Tax effect of share of results of joint ventures	7,329	(67,476)
Partnership losses group relief	(4,243)	(22,743)
<b>Total tax charge for the year</b>	<b>431,072</b>	<b>(25,258)</b>

**Factors that may affect future tax charges**

UK corporation tax rates are to reduce to 17% from 1 April 2020.

**12. Parent company profit for the year**

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £1,329,081 (2016 - £241,045).

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**13. Tangible fixed assets****Group and Company**

	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
<b>Cost or valuation</b>				
At 1 April 2016	5,419	19,589	4,372	29,380
Additions	-	3,430	1,759	5,189
At 31 March 2017	5,419	23,019	6,131	34,569
<b>Depreciation</b>				
At 1 April 2016	226	-	227	453
Charge for the year on owned assets	1,355	6,501	1,412	9,268
At 31 March 2017	1,581	6,501	1,639	9,721
<b>Net book value</b>				
At 31 March 2017	3,838	16,518	4,492	24,848
At 31 March 2016	5,193	19,589	4,145	28,927

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**14. Fixed asset investments**

**Group**

	<b>Investment in joint ventures £</b>
<b>Cost or valuation</b>	
At 1 April 2016	4,168,619
Share of profit/(loss)	(36,647)
At 31 March 2017	<u>4,131,972</u>
<b>Net book value</b>	
At 31 March 2017	<u>4,131,972</u>
At 31 March 2016	<u>4,168,619</u>

**Company**

	<b>Investments in subsidiary company and joint venture £</b>	<b>Investment in joint ventures £</b>	<b>Total £</b>
<b>Cost or valuation</b>			
At 1 April 2016	2,108,599	1,722,637	3,831,236
At 31 March 2017	<u>2,108,599</u>	<u>1,722,637</u>	<u>3,831,236</u>
<b>Net book value</b>			
At 31 March 2017	<u>2,108,599</u>	<u>1,722,637</u>	<u>3,831,236</u>
At 31 March 2016	<u>2,108,599</u>	<u>1,722,637</u>	<u>3,831,236</u>

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**15. Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Langtree Daresbury Limited	Ordinary	100 %	Intermediate holding company and development company

The aggregate of the share capital and reserves as at 31 March 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit £
Langtree Daresbury Limited	1,221,103	401,872

**Participating interests****Joint ventures**

Name	Country of incorporation	Class of shares	Holding	Principal activity
Wire Regeneration Limited	England and Wales	Ordinary	50%	Regeneration of the Southern Gateway area of Warrington
Parkside Regeneration LLP	England and Wales	Capital contribution and loan notes	50%	Regeneration of the former Parkside Colliery site in the North West
Daresbury SIC LLP	England and Wales	Capital contribution and loan notes	50%	Management and development of the Sci-Tech Daresbury Campus in the North West

**16. Stocks**

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Work in progress	-	7,413,495	-	-

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**17. Debtors**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Trade debtors	220,650	124,444	220,650	124,444
Amounts owed by group undertakings	-	-	-	59,216
Other debtors	4,913	208,515	4,912	750
Prepayments and accrued income	112,097	83,140	112,097	83,140
Deferred taxation	-	29,008	-	-
	<u>337,660</u>	<u>445,107</u>	<u>337,659</u>	<u>267,550</u>

**18. Cash and cash equivalents**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Cash at bank and in hand	<u>945,323</u>	<u>1,642,885</u>	<u>615,906</u>	<u>572,960</u>

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

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Trade creditors	13,613	1,292,858	13,001	50,334
Amounts owed to group undertakings	-	-	54,276	54,276
Corporation tax	398,694	3,750	333,839	3,750
Other taxation and social security	149,919	95,949	149,839	95,949
Other creditors	1,221	5,503,840	1,221	3,839
Accruals and deferred income	343,026	1,062,105	193,977	140,518
	<u>906,473</u>	<u>7,958,502</u>	<u>746,153</u>	<u>348,666</u>

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**20. Creditors: Amounts falling due after more than one year**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Other loans	1,700,000	3,317,000	1,700,000	3,317,000
Government grants received	-	1,290,473	-	-
	<u>1,700,000</u>	<u>4,607,473</u>	<u>1,700,000</u>	<u>3,317,000</u>

Other loans consist of a directors loan, totalling £200,000 (2016 - £200,000) and a related party loan, totalling £1,500,000 (2016 - £3,117,000). The directors loan attracts interest of 3% p.a and is repayable on 30 April 2028. The related party loan attracts interest of 7% p.a and is repayable on 30 April 2027.

**21. Loans**

Analysis of the maturity of loans is given below:

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
<b>Amounts falling due after more than 5 years</b>				
Other loans	<u>1,700,000</u>	<u>3,317,000</u>	<u>1,700,000</u>	<u>3,317,000</u>

**22. Financial instruments**

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
<b>Financial assets</b>				
Financial assets measured at amortised cost	<u>1,170,887</u>	<u>1,975,845</u>	<u>841,468</u>	<u>757,369</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	<u>2,057,862</u>	<u>11,175,802</u>	<u>1,962,477</u>	<u>3,565,966</u>

Financial assets measured at amortised cost comprise cash at bank and in hand, trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade and other creditors, amounts owed to group undertakings, accruals and deferred income and other loans.



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**23. Deferred taxation**

**Group**

	<b>2017 £</b>	<b>2016 £</b>
At beginning of year	29,008	-
Charged to profit or loss	(32,378)	29,008
<b>At end of year</b>	<b>(3,370)</b>	<b>29,008</b>

**Company**

	<b>2017 £</b>	<b>2016 £</b>
At beginning of year	(3,962)	-
Charged to profit or loss	592	(3,962)
<b>At end of year</b>	<b>(3,370)</b>	<b>(3,962)</b>

	<b>Group 2017 £</b>	<b>Group 2016 £</b>	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Accelerated capital allowances	(3,578)	(4,692)	(3,578)	(4,692)
Tax losses carried forward	-	32,970	-	-
Short term timing differences	208	730	208	730
	<b>(3,370)</b>	<b>29,008</b>	<b>(3,370)</b>	<b>(3,962)</b>

**24. Share capital**

	<b>2017 £</b>	<b>2016 £</b>
<b>Shares classified as equity</b>		
<b>Authorised, allotted, called up and fully paid</b>		
70 A Ordinary shares of £1 each	70	70
30 B Ordinary shares of £1 each	30	30
	<b>100</b>	<b>100</b>

Both A ordinary shares and B ordinary shares rank pari passu with equal voting and dividend rights.

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**25. Reserves****Share premium account**

This reserve represents the premium paid on issued ordinary share capital.

**Profit & loss account**

This reserves represents the cumulative profits and losses.

**26. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £59,878 (2016 - £66,424). There were no contributions outstanding at the balance sheet date.

**27. Commitments under operating leases**

At 31 March 2017 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	<b>Company 2017 £</b>	<b>Company 2016 £</b>
Not later than 1 year	12,416	19,214
Later than 1 year and not later than 5 years	12,253	19,850
	<u>24,669</u>	<u>39,064</u>

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**28. Related party transactions**

During the prior year, Network Space Developments Limited, a minority shareholder in the Company, granted the Company a £3,117,000 loan facility repayable on 30 April 2027, attracting interest of 7% p.a. At 31 March 2017 a balance of £1,500,000 (2016 - £3,117,000) was recognised within other loans and interest of £108,012 (2016 - £97,608) has been accrued.

During the prior year ended 31 March 2016, Malcolm Jackson, a director and minority shareholder in the Company, granted the Company a £200,000 loan facility repayable on 30 April 2028, attracting interest of 3% p.a. At 31 March 2017 a balance of £200,000 (2016 - £200,000) was recognised within other loans, and interest of £6,000 (2016 - £4,817) was paid in the year.

During the prior year, Network Space Developments Limited, a minority shareholder in the Company, granted Langtree Daresbury Limited a £5,500,000 short term loan facility. During the year the loan including interest of £322,224 was repaid in full.

As part of the bidding process for Daresbury SIC LLP, Wire Regeneration Limited and Parkside Regeneration LLP, the process required the bidder to provide property and development management expertise. The fees charged were assessed as part of the bidding process and are documented in the management agreement. During the year, the company has charged fees of:

£230,000 (2016: £177,037) to Wire Regeneration Limited, a 50% joint venture;  
£175,000 (2016: £137,414) to Parkside Regeneration LLP, a 50% joint venture; and  
£300,000 (2016: £214,795) to Daresbury SIC LLP, a 50% joint venture.

At the year end, there were no balances outstanding with Daresbury SIC LLP, Wire Regeneration Limited or Parkside Regeneration LLP (2016 - £Nil).

The Directors consider the key management personnel to be the Directors. The Directors remuneration is disclosed in note 8.

**29. Ultimate controlling party**

The majority of shares in Langtree Property Partners Limited are owned by Mr J Downes, who is the ultimate controlling party.