

9332181



LGPL CORNWALL LIMITED

FINANCIAL STATEMENTS

2017

TUESDAY



A76YTI15

A10

29/05/2018

COMPANIES HOUSE

#210

CONTENTS

Page

3	Strategic Report
4	Directors' Report
6	Independent Auditors' Report
9	Income Statement
10	Balance Sheet
11	Statement of Changes in Equity
12	Notes to Financial Statements

Registered Office:
One Coleman Street
London EC2R 5AA

Registered in England & Wales No. 9332181

STRATEGIC REPORT

Directors' Review

The principal activity of LGPL Cornwall Limited (the "Company") is the letting of property.

The Company owns a property investment asset situated opposite to the entrance to Aberdeen Airport. It is a recently constructed building which is fully let to a single tenant.

Revenue remains the same at £7.3m for the year ended 31 December 2017 (2016: £7.3m).

On 26 November 2015 the Company issued rental income and residual value notes secured on its investment properties and entered into a Liquidity and Expenses Risk Agreement ("LERA") with its intermediate parent company, Legal & General Assurance Society Limited ("LGAS").

Principal risks and uncertainties

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

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

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Liquidity and Expenses Risk Agreement ("LERA") enables the Company to have sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

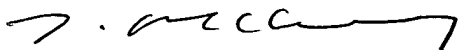
Financial key performance indicators

As at 31 December 2017, the Company owns 1 property (2016:1) with a total market value of £99m (2016:£97m).

The results of the Company are set out on page 9.

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

By order of the Board



J McCarthy
For and on behalf of Legal & General Co Sec Limited
Company Secretary
16 April 2018

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2017. This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Principal activities

The Company owns a headquarters office development property investment asset situated opposite to the entrance to Aberdeen Airport and it is fully let to a single tenant.

Post balance sheet events

During March 2018, the Company sold its property investment asset for £112.5m.

Future developments

Following the sale of the Company's single property investment asset, the Directors' intend to eventually liquidate the Company.

Result for the year and dividend

The results of the Company are set out on page 9. No dividends were paid in 2017 (2016: £Nil).

Directors

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

G Aitchison

C Walker

Directors' Insurance

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

Going concern

The directors consider the going concern to be appropriate based on the support from its intermediate parent company, Legal and General Assurance Society Limited ("LGAS") by way of a Liquidity and Expenses Risk Agreement. Further details of this agreement can be found in note 13. The opinion of the Directors' are that this support will be continued and accordingly the financial statements have been prepared on a going concern basis.

Independent auditors

KPMG LLP will be appointed as auditors for the next financial year, replacing PricewaterhouseCoopers LLP.

DIRECTORS' REPORT

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

Disclosure of information to auditors

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

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

By order of the Board



J McCarthy

For and on behalf of Legal & General Co Sec Limited

Company Secretary

16 April 2018

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LGPL CORNWALL LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, LGPL Cornwall Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the income statement, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LGPL CORNWALL LIMITED

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

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 year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LGPL CORNWALL LIMITED

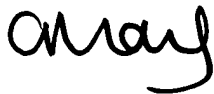
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Caroline May (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
16 April 2018

LGPL CORNWALL LIMITED

INCOME STATEMENT

For the year ended 31 December 2017

	Note	2017 £	2016 £
Revenue	3	7,346,050	7,314,062
Gross profit		7,346,050	7,314,062
Administrative expenses		(33,856)	(27,290)
Other operating income		-	1,230,538
Operating profit	4	7,312,194	8,517,310
Unrealised gain / (loss) on revaluation of investment property	10	2,391,214	(15,035,613)
Unrealised (loss) / gain on revaluation of loan notes	13	(2,064,213)	11,527,449
Interest receivable and similar income	5	1,355	1,034
Interest payable and similar expenses	6	(7,640,550)	(5,010,180)
Results before taxation		-	-
Tax on result	9	-	-
Result for the financial year		-	-

There were no gains or losses in the year other than those included in the above income statement.

The notes on pages 12 to 22 form an integral part of these financial statements.

LGPL CORNWALL LIMITED
BALANCE SHEET
As at 31 December 2017

	Note	2017 £	*Restated 2016 £
Assets			
Non-current assets			
Investment properties	10	99,284,053	96,892,839
Accounts receivable	11	6,715,947	8,336,644
Total non current assets		106,000,000	105,229,483
Current assets			
Accounts receivable	11	1,236,948	161,567
Cash and cash equivalents		2,519,204	2,335,070
Total current assets		3,756,152	2,496,637
Total assets		109,756,152	107,726,120
Liabilities			
Non-current liabilities			
Accounts payable	12	534,823	544,823
Payables and other financial liabilities	13	100,006,549	97,942,336
Total non-current liabilities		100,541,372	98,487,159
Current liabilities			
Accounts payable	12	1,574,231	1,598,412
Payables and other financial liabilities	13	7,640,548	7,640,548
Total current liabilities		9,214,779	9,238,960
Total liabilities		109,756,151	107,726,119
Net assets		1	1
Capital and reserves			
Called up share capital	14	1	1
Retained earnings		-	-
Total equity		1	1

*£8,336,644 of accounts receivable has been restated in the prior year to be presented as a non-current asset instead of a current asset.

*£7,640,548 of payables and other financial liabilities has been restated in the prior year to be presented as a current liability instead of a non-current liability.

*£544,823 of accounts payable has been restated in the prior year to be presented as a non-current liability instead of a current liability.

The notes on pages 12 to 22 form an integral part of these financial statements.

The financial statements on pages 9 to 22 were approved by the board of directors on 16 April 2018 and signed on its behalf by



G Aitchison, Director

LGPL Cornwall Limited, registered in England and Wales No. 9332181

LGPL CORNWALL LIMITED**STATEMENTS OF CHANGES IN EQUITY****For the year ended 31 December 2017**

	Called up share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2016	1	-	1
Result for the financial year	-	-	-
Total comprehensive income for the year	-	-	-
Dividends paid	-	-	-
At 31 December 2016	1	-	1
Result for the financial year	-	-	-
Total comprehensive income for the year	-	-	-
Dividends paid	-	-	-
At 31 December 2017	1	-	1

The notes on pages 12 to 22 form an integral part of these financial statements.

LGPL CORNWALL LIMITED

NOTES TO FINANCIAL STATEMENTS

1 Company information

LGPL Cornwall Limited (the "Company") is a Company registered in England and Wales. Its registered office is One Coleman Street, London, EC2R 5AA.

2 Accounting policies

The main accounting policies of the Company are as follows:

(a) Use of estimates

The preparation of the financial statements includes the use of estimates and assumptions. These estimates are based on management's best knowledge of current circumstances and future events and actions, actual results may differ from those estimates. This is particularly relevant to the following; Investment Property and Payable and other financial liabilities and have been discussed in the relevant accounting policies.

(b) Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and loan notes, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Company's financial statements are presented in Sterling.

The Company is a wholly owned subsidiary of Legal & General Group Plc and is included in the consolidated financial statements of Legal & General Group Plc which are publicly available.

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and loan notes and in accordance with the Companies Act 2006 as applicable to companies using FRS101 and applicable accounting standards in the United Kingdom.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the period ended 31 December 2017.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IFRS 7 Financial Instruments: Disclosures, this exemption requires that equivalent disclosures are included in the consolidated financial statements of Legal & General Group Plc;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement, this exemption requires that equivalent disclosures are included in the consolidated financial statements of Legal & General Group Plc;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets, this exemption requires that equivalent disclosures are included in the consolidated financial statements of Legal & General Group Plc.

LGPL CORNWALL LIMITED

NOTES TO FINANCIAL STATEMENTS

2 Accounting policies (continued)

(c) Going concern

The directors consider the going concern to be appropriate based on the current net asset position and future earnings potential of the Company. The Company relies on the support of its intermediate parent company Legal and General Assurance Society Limited, by way of a Liquidity and Expenses Risk Agreement ("LERA"). The directors are of the opinion that this support will be continued and accordingly the financial statements have been prepared on a going concern basis.

(d) Investment properties

Investment property comprises land and buildings which are held for long term rental yields and capital growth. Investment properties are initially measured at cost, including the purchase price and any directly attributable expenditure such as legal and brokerage fees, property transfer taxes and other transaction costs as well as borrowing costs that meet the criteria for capitalisation. It is carried at fair value with changes in fair value recognised in the Income Statement within fair value adjustment on investment property. Investment property in the UK is valued quarterly by independent valuers on the basis of open market value as defined in the appraisal and valuations manual of the Royal Institute of Chartered Surveyors. Valuation techniques may include discounted cash flow calculations using net current rent, and estimated and terminal values; they may also include yield methodology calculations using market rental values capitalised with a market capitalisation rate. Both of these are then further validated against actual market transactions to produce a final valuation.

Investment properties are treated as acquired when the entity enters into an unconditional purchase contract and as sold when subject to an unconditional contract for sale. Additions to properties consist of costs of a capital nature.

The valuation of properties at market value is in accordance with the Deed of the company. Surpluses and deficits arising on the valuation of investment properties are reflected in the Income Statement.

Investment properties are treated as acquired at the point the entity assumes the significant risks and returns of ownership and as disposed when the significant risks and returns of ownership are transferred to the buyer. This generally occurs on unconditional exchange or on completion if this is expected to occur significantly after exchange or the entity has significant outstanding obligations between exchange and completion. Additions to properties consist of costs of a capital nature.

LGPL CORNWALL LIMITED

NOTES TO FINANCIAL STATEMENTS

2 Accounting policies (continued)

(e) Tax and deferred tax

The tax expense for the period comprises current tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' funds. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' funds respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

(f) Payables and other financial liabilities

Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through the income statement or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Financial liabilities also include loan notes which comprise rental value notes, residual value notes and the LERA. The rental income notes, residual value notes and the LERA are recognised at fair value and subsequently remeasured.

(g) Loan notes

The loan notes comprise rental value notes, residual value notes and the LERA. The rental income notes, residual value notes and the LERA are recognised at cost and subsequently measured at fair value.

(h) Cash and cash equivalents

For the purposes of the cash flow statement, cash comprises cash in hand and bank deposits that can be withdrawn immediately or within twenty four hours without penalty.

(i) Dividend recognition

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

LGPL CORNWALL LIMITED

NOTES TO FINANCIAL STATEMENTS

2 Accounting policies (continued)

(j) Revenue

The Company's property income comprises rental income and other recoveries from tenants, including service charges, of its investment property. Property income is recognised on an accruals basis, including a best estimate for unsettled rent reviews and surrender premiums received. Rental income received in advance is deferred and recognised as income in the period to which it relates.

In accordance with FRS101, rental income from properties which have been let subject to a rent free period or lease inducement, is accounted for on a straight line basis from the rent commencement date to the lease end date, unless the rental payments are structured to increase in line with expected general inflation, in which case the Partnership recognises annual rental income equal to amounts due from the lessee. The valuation of investment properties is reduced by all unamortised lease incentives. Any remaining unamortised lease incentive in respect of properties disposed of is included in the calculation of profit or loss arising on disposal.

(k) Expenses

Property and contract expenditure is expensed as incurred. Property expenses consist of property outgoings directly attributable to investment properties. Property expenses are recognised on an accruals basis.

(l) Investment income

Investment income includes interest income, and is recognised using the effective interest method.

(m) Accounts receivable

Receivables are recognised in the balance sheet, when and only when, the Company becomes party to the contractual provisions of the contract. Receivables are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

(n) Accounts payable

Payables are recognised in the balance sheet, when and only when, the Company becomes party to the contractual provisions of the contract. Payables are initially recognised at fair value adjusted for any directly attributable transaction costs.

After initial recognition, payables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

LGPL CORNWALL LIMITED

NOTES TO FINANCIAL STATEMENTS

3 Revenue

Revenue recognised in the income statement is analysed as follows.

	2017	2016
	£	£
Rental income	7,346,050	8,543,545
Movement in prepaid rent	-	(1,229,483)
	<u>7,346,050</u>	<u>7,314,062</u>

No revenue was derived from exchanges of goods or services (2016: nil), except for rental income.

4 Operating profit

Operating profit is stated after charging:

	2017	2016
	£	£
Auditors' remuneration		
- in relation to the audit of the financial statements of the Company	<u>16,565</u>	<u>14,383</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group's financial statements of its parent Legal & General Group Plc.

5 Interest receivable and similar income

	2017	2016
	£	£
Interest on deposits	<u>1,355</u>	<u>1,034</u>
	<u>1,355</u>	<u>1,034</u>

6 Interest payable and similar expenses

	2017	2016
	£	£
Coupon payments	<u>7,640,550</u>	<u>5,010,180</u>
	<u>7,640,550</u>	<u>5,010,180</u>

7 Staff costs

The Company has no employees and hence makes no contributions towards retirement benefits (2016: Nil).

8 Directors' emoluments

No emoluments were paid to any director nor were any direct pension contributions paid in respect of qualifying services to this Company (2016: £Nil).

LGPL CORNWALL LIMITED

NOTES TO FINANCIAL STATEMENTS

9 Tax on result

	2017 £	2016 £
Current tax		
UK corporation tax at 19.25% (2016: 20%)		
- Current tax for the year	-	-
Total current tax charge	-	-
Tax charge on result on ordinary activities	-	-

Factors affecting current tax charge for the year:

The total current tax for the year is equal to (year ended 2016: equal to) the standard rate of UK corporation tax and the differences are explained below:

	2017 £	2016 £
Result before taxation	-	-
Tax calculated at the standard UK corporation tax rate of 19.25% (2016: 20%)	-	-
Effects of:		
Total current tax charge	-	-

Factors which may affect future tax charges

Following the 2016 Finance Act, the rate of Corporation Tax is expected to reduce progressively to 17% by 1 April 2020. The 19% rate applied from 1st April 2017 and the 17% rate from 1st April 2020 onwards.

The enacted rates of 19-17% have been used in the calculation of UK's deferred tax assets and liabilities, depending on which is the rate of corporation tax that is expected to apply when the differences as mentioned above reverse.

To calculate the current tax on profits, the rate of tax used is 19.25% (2016: 20%), which is the average rate of Corporation Tax applicable for the year.

Following the capital reorganisation on 26 November 2015 the Company's tax liability arising from UK revenue and expenses recognised in the income statement is borne by LGAS.

LGPL CORNWALL LIMITED

NOTES TO FINANCIAL STATEMENTS

10 Investment properties

(a)

	2017 £	2016 £
Cost		
Opening balance	116,200,000	116,200,000
Additions	-	-
At 31 December	<u>116,200,000</u>	<u>116,200,000</u>
Fair value losses		
Opening balance	(19,307,161)	(4,271,548)
Surplus / (deficit) for the year	2,391,214	(15,035,613)
At 31 December	<u>(16,915,947)</u>	<u>(19,307,161)</u>
At 31 December	<u>99,284,053</u>	<u>96,892,839</u>
Market value as estimated by external valuers	106,000,000	104,000,000
Rent Incentives	<u>(6,715,947)</u>	<u>(7,107,161)</u>
At 31 December	<u>99,284,053</u>	<u>96,892,839</u>

(b) Measurement of fair value

The Company's investment property was valued as at 31 December 2017 by CBRE Limited in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuations Standards, on the basis of Market Value. Market Value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller on an open market basis.

The investment value is a product of rent and yield derived using comparison techniques. In undertaking the valuation of properties under this method, an assessment has been made on the basis of a collation and analysis of appropriate comparable investment, rental and sale transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions, capitalisation rates have then been applied to the properties, taking into account size, location, terms, covenant and other material factors.

At each financial year end the Company's Investment Manager:

- verifies all major inputs to the independent valuers' report
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuers

(i) Fair Value hierarchy

The fair value measurement of investment property of £99.3m (2016: £96.9m) has been categorised as Level 3 fair value based on the inputs to the valuation techniques used (as discussed below):

LGPL CORNWALL LIMITED

NOTES TO FINANCIAL STATEMENTS

10 Investment properties (continued)

(b) Measurement of fair value (continued)

(ii) Level 3 value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair value.

	2017	2016
Opening Balance	104,000,000	117,500,000
Gain / (loss) included in income statement		
Changes in fair value (unrealised)	2,000,000	(13,500,000)
Balance at 31 December	106,000,000	104,000,000

The following valuation technique was used in measuring the fair value of the Company's investment property.

Valuation techniques

Market Approach

The valuation have been prepared using the "market approach" valuation technique - using prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets. All of the valuations within the portfolio fall within Level 3 of the Fair Value hierarchy, which categorises the inputs to valuation techniques used to measure Fair Value.

Significant unobservable inputs

The significant unobservable inputs used in the fair value measurement are estimated rental value, rental growth, long-term vacancy rate and discount rate.

(iii) Sensitivity analysis

Significant increases / decreases in rental value and rent growth in isolation would result in a significantly higher / lower fair value measurement, respectively. Significant increases / decreases in long term vacancy rate and discount rate in isolation would result in a significantly lower / higher fair value measurement, respectively.

The table below presents the sensitivity analysis of the valuation to changes in the most significant assumptions underlying the valuation of completed investment property.

	2017	2016
	£	£
Increase in yield of 25bps	(3,100,000)	(3,100,000)
Decrease in rental rates of 500 bps	(1,015,000)	(1,100,000)

LGPL CORNWALL LIMITED

NOTES TO FINANCIAL STATEMENTS

11 Accounts receivable

	2017 £	2016 £
Lease incentives	6,715,947	7,107,161
Agents reimbursements	7,465	161,567
Sundry debtors	1,229,483	1,229,483
	<u>7,952,895</u>	<u>8,498,211</u>
Due within 12 months	1,236,948	161,567
Due after 12 months	<u>6,715,947</u>	<u>8,336,644</u>
	<u>7,952,895</u>	<u>8,498,211</u>

Sundry debtors includes deferred coupon payments due to LGAS at 31 December 2017 associated with the rental income notes. The movement in the year of £nil (2016: £1,229,483) has been recognised as 'Other operating income' in the income statement.

12 Accounts payable

	2017 £	2016 £
Accruals and deferred income	18,950	18,423
Deferred income	1,229,483	1,229,483
VAT creditor	325,798	350,506
Amounts owed to parent undertakings	534,823	544,823
	<u>2,109,054</u>	<u>2,143,235</u>
Due within 12 months	1,574,231	1,598,412
Due after 12 months	<u>534,823</u>	<u>544,823</u>
	<u>2,109,054</u>	<u>2,143,235</u>

The amounts owed to group undertakings and parent undertakings are unsecured, interest free, and have no fixed date of repayment.

13 Payables and other financial liabilities

Loan Notes	2017 £	2016 £
Cost		
At 1 January	115,187,982	115,187,982
Issues	-	-
At 31 December	<u>115,187,982</u>	<u>115,187,982</u>
Fair value losses		
Opening deficit balance	(9,605,098)	1,922,351
Deficit / (surplus) for the year	2,064,213	(11,527,449)
At 31 December	<u>(7,540,885)</u>	<u>(9,605,098)</u>
At 31 December	<u>107,647,097</u>	<u>105,582,884</u>
Due within 12 months	7,640,548	7,640,548
Due after 12 months	<u>100,006,549</u>	<u>97,942,336</u>
	<u>107,647,097</u>	<u>105,582,884</u>

LGPL CORNWALL LIMITED

NOTES TO FINANCIAL STATEMENTS

13 Payables and other financial liabilities (continued)

On 26 November 2015 the Company issued rental income notes and residual value notes secured on its investment properties and entered into a Liquidity and Expenses Risk Agreement ("LERA") with its intermediate parent company, Legal & General Assurance Society Limited ("LGAS").

The rental income notes represent 98.75% of future rents receivable on the associated lease. They bear a coupon payment based on 98.75% of the underlying rental income. This coupon falls due 45 days following each quarterly rent.

The residual value notes represent the value of the associated property on completion of the lease.

The rental income notes and residual value notes are recognised at cost and subsequently measured at fair value.

14 Called up share capital

	2017 £	2016 £
Issued: 1 ordinary shares of £1 each	<u>1</u>	<u>1</u>

15 Related party transactions

The Company has taken advantage of the exemption under paragraph 8 (j) and (k) of FRS 101 from certain requirements under IAS 24 Related party disclosures. These include the requirement to disclose transactions entered into by the Company with other wholly owned members of Legal & General Group Plc, and the requirement to present disclosures on compensation arrangements for key management personnel.

16 Cash flow statement

The Company has taken advantage of the exemption under paragraph 8 (h) of FRS 101 from the requirements of IAS 7 Statement of Cash flows, and hence has not presented a cash flow statement.

17 Undertaking and controlling party

The immediate parent company is Legal & General Pensions Limited, a company registered in England and Wales and domiciled in the United Kingdom. Group financial statements for this company are not prepared.

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

Legal & General Group Plc is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2017. The consolidated financial statements of Legal & General Group Plc are available on the Group website, www.legalandgeneralgroup.com or from the Company Secretary at the Registered Office, One Coleman Street, London, EC2R 5AA.

LGPL CORNWALL LIMITED

NOTES TO FINANCIAL STATEMENTS

18 Post balance sheet events

During March 2018, the Company sold its property investment asset for £112.5m.

19 Operating leases

The Company has entered into an operating lease in respect of its investment property. The lease agreement includes a clause which allows for the periodic upward revision of rental income according to prevailing market conditions. Future minimum rental income receivable under the non-cancellable operating lease as at 31st December is as follows:

	2017	2016
	£	£
Receivable within one year	7,737,264	7,737,264
Receivable after more than one year but within five years	30,949,056	30,949,056
Receivable after more than five years	94,055,453	101,792,717
	<u>132,741,773</u>	<u>140,479,037</u>