

Company Registration No. 10882805

LondonMetric Logistics Limited

Financial Statements

For the year ended 31 March 2019



LondonMetric Logistics Limited

Financial statements for the year ended 31 March 2019

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LondonMetric Logistics Limited

Financial statements for the year ended 31 March 2019

Company information

Directors

Martin McGann
Andrew Jones
Valentine Beresford
Mark Stirling

Company Secretary

Jadzia Duzniak

Registered Office

1 Curzon Street
London
W1J 5HB

Auditor

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

LondonMetric Logistics Limited

Directors' report

The directors present their report with the audited financial statements for the year ended 31 March 2019. The Company qualifies as a small company under section 382 of the Companies Act 2006 and accordingly has not produced a Strategic Report. This directors' report has been prepared in accordance with the provisions applicable to small companies entitled to the small companies exemption.

The comparative information presented within these financial statements relates to the period from the Company's incorporation on 25 July 2017 to 31 March 2018.

Business review and principal activities

The principal activity of the Company is property investment. The directors do not anticipate any significant change in the principal activity in the foreseeable future. The Company is a guarantor under a £443.75 million revolving credit facility, a £75 million credit facility and a £280 million private placement entered into by its parent company. The Company is the owner of the following investment properties:

- Unit B Omega Boulevard, Doncaster
- Units 1 and 2, 12-14 Calver Quay, Warrington
- Unit 1 Bicester Distribution Park, Bicester
- 150 Stirling Road, Solihull
- Mechline Brudenell Drive, Milton Keynes
- Royal Mail Brudenell Drive, Milton Keynes
- 6020 Siskin Parkway, Coventry
- Units A and B, Arrowhead Road, Theale

During the year the Company sold the following investments:

- Unit A Omega Boulevard, Doncaster
- Flagstaff 42, Ashby De La Zouch
- 19 Don Road, Sheffield
- Menzies Distribution Unit, Wakefield

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

The Company is a wholly owned subsidiary of LondonMetric Property Plc.

Results and dividends

The results for the Company show a pre-tax profit of £12,201,290 (2017/18: £4,710,778). Dividends of £19,191,858 (2017/18: £694,249) were paid during the year/period. The Company has net assets of £52,375,962 (2017/18: £59,366,530) and amounts owing to group companies of £20,882,006 (2017/18: £37,848,695).

Directors

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

None of the directors has a service agreement with the Company and they are not entitled to any compensation on termination of appointment or sale of the Company by the LondonMetric Property Plc group ("the Group").

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

LondonMetric Logistics Limited

Directors' report (continued)

Auditor and disclosure of information to the auditor

BDO LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the Board



Martin McGann

Director

22 July 2019

LondonMetric Logistics Limited

Directors' responsibilities statement

The directors are responsible for preparing 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

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

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

Independent Auditor's Report to the members of LondonMetric Logistics Limited

Opinion

We have audited the financial statements of LondonMetric Logistics Limited ("the Company") for the year ended 31 March 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 in this regard.

Opinions 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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Independent Auditor's Report to the members of LondonMetric Logistics Limited (continued)

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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 at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Russell Field (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom

Date: 22 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

LondonMetric Logistics Limited

Profit and loss account Year ended 31 March 2019

	Notes	Year ended 31 March 2019 £	Period ended 31 March 2018 £
Gross rental income		5,250,788	3,572,348
Property operating expenses		(703,834)	(598,809)
Net rental income		4,546,954	2,973,539
Administration expenses	2	(11,572)	(2,096)
Impairment of investment in subsidiaries	7	(277,894)	-
Gain arising on valuation of investment property		6,466,693	3,201,221
Profit on sale of investment property		1,054,340	-
Operating profit		11,778,521	6,172,664
Dividends received from subsidiaries		1,313,522	-
Finance income	3	1,115	208,942
Finance costs	4	(891,868)	(1,670,828)
Profit before tax		12,201,290	4,710,778
Tax	5	-	-
Profit after tax		12,201,290	4,710,778

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

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

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

LondonMetric Logistics Limited

Balance sheet As at 31 March 2019

	Notes	31 March 2019 £	31 March 2018 £
Non-current assets			
Investment property	6	74,110,000	98,660,000
Investments	7	-	277,894
Total non-current assets		74,110,000	98,937,894
Current assets			
Trade and other receivables	8	118,401	32,915
Cash at bank and in hand		504,925	778,823
Total current assets		623,326	811,738
Total assets		74,733,326	99,749,632
Current liabilities			
Trade and other payables	9	(1,475,358)	(2,534,407)
Total current liabilities		(1,475,358)	(2,534,407)
Total assets less current liabilities		73,257,968	97,215,225
Non-current liabilities			
Amounts owed to Group undertakings	10	(20,882,006)	(37,848,695)
Total liabilities		(22,357,364)	(40,383,102)
Net assets		52,375,962	59,366,530
Equity			
Share capital	11	42,571,201	55,350,001
Retained earnings		9,804,761	4,016,529
Total equity		52,375,962	59,366,530

The financial statements of LondonMetric Logistics Limited (registered number 10882805) were approved by the Board of Directors and authorised for issue on 22 July 2019 and signed on its behalf by:

Martin McGann

Martin McGann
Director

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

LondonMetric Logistics Limited

Statement of changes in equity Year ended 31 March 2019

	Share capital £	Retained earnings £	Total £
At 1 April 2018	55,350,001	4,016,529	59,366,530
Shares redeemed at par	(12,778,800)	12,778,800	-
Profit for the year	-	12,201,290	12,201,290
Dividends paid	-	(19,191,858)	(19,191,858)
Total equity attributable to equity shareholders	42,571,201	9,804,761	52,375,962

Period ended 31 March 2018

	Share capital £	Retained earnings £	Total £
At incorporation	1	-	1
Shares issued at par	55,350,000	-	55,350,000
Profit for the period	-	4,710,778	4,710,778
Dividends paid	-	(694,249)	(694,249)
Total equity attributable to equity shareholders	55,350,001	4,016,529	59,366,530

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

LondonMetric Logistics Limited

Notes to the financial statements Year ended 31 March 2019

1. Accounting policies

a) General information

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

b) Statement of compliance

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

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

Where relevant, equivalent disclosures have been given in the group accounts of LondonMetric Property Plc. The group accounts of LondonMetric Property Plc are available to the public and can be obtained as set out in note 13.

c) Basis of preparation

The functional and presentational currency of the Company is sterling. The financial statements have been prepared under the historical cost convention, except for investment properties that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 "Leases".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Impact of new and revised Standards

IFRS9 "Financial Instruments"

This standard deals with the classification, measurement and recognition of financial assets and liabilities and replaces the guidance in IAS39 Financial Instruments: Recognition and Measurement.

The adoption of IFRS9 has led to no changes in the carrying amounts of financial instruments or the classification and presentation of financial instruments.

LondonMetric Logistics Limited

Notes to the financial statements (continued) **Year ended 31 March 2019**

1. Accounting policies (continued)

c) Basis of preparation (continued)

Impact of new and revised Standards (continued)

IFRS15 “Revenue from Contracts with Customers”

The standard is based on the principle that revenue is recognised when control passes to a customer. The majority of the Company's income is from tenant leases and is outside the scope of the new standard. However, certain non-rental income streams, such as surrender premiums receivable are within the scope of the standard.

There has been no financial impact of the new standard to the Company.

The principal accounting policies adopted are set out below.

Estimates and judgements

The preparation of financial statements in conformity with FRS101 requires the directors to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The most critical accounting policies in determining the financial condition and results of the Company are those requiring the greatest degree of subjective or complex judgements. These relate to property valuations and are discussed in the policy below. The fair value estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

d) Property portfolio

i) Investment properties

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

The determination of the fair value of each property requires, to the extent applicable, the use of estimates and assumptions in relation to factors such as future rental income, current market rental yields, future development costs and the appropriate discount rate. In addition, to the extent possible, the valuers make reference to market evidence of transaction prices for similar properties. Gains or losses arising from changes in the fair value of investment properties are recognised in profit or loss in the period in which they arise.

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

LondonMetric Logistics Limited

Notes to the financial statements (continued) **Year ended 31 March 2019**

1. Accounting policies (continued)

d) Property portfolio (continued)

i) Investment properties (continued)

Investment property is recognised as an asset when:

- It is probable that the future economic benefits that are associated with the investment property will flow to the Company;
- There are no material conditions precedent which could prevent completion; and
- The cost of the investment property can be measured reliably.

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

ii) Tenant leases

Management has exercised judgement in considering the potential transfer of the risks and rewards of ownership in accordance with IAS 17 "Leases" for all properties leased to tenants and has determined that such leases are operating leases.

iii) Net rental income

Revenue comprises rental income.

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

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

Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the earlier of the first break option or the lease termination date.

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

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

iv) Sale of investment properties

Disposals of investment properties are recognised in the period within which control of the property is transferred, which is typically on completion.

Surpluses on sales of investment properties are calculated by reference to the carrying value at the previous period-end valuation date, adjusted for subsequent capital expenditure.

e) Financial assets and financial liabilities

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual terms of the instrument. Unless otherwise indicated, the carrying amounts of the financial assets and liabilities are a reasonable approximation of their fair values.

LondonMetric Logistics Limited

Notes to the financial statements (continued) **Year ended 31 March 2019**

1. Accounting policies (continued)

e) Financial assets and financial liabilities (continued)

i) Financial assets

The Company classifies its financial assets at amortised cost only if the asset is held in a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. All of the Company's financial assets fall within the financial assets at amortised cost classification.

Financial assets at amortised cost comprise trade and other receivables, intra-group loans and cash and cash equivalents. They are initially recognised at fair value, plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for expected credit losses. Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

ii) Financial liabilities

Financial liabilities include interest bearing loans, trade payables (including rent deposits and retentions under construction contracts) and other short-term monetary liabilities. Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Interest bearing loans are initially recorded at fair value net of direct issue costs, and subsequently carried at amortised cost using the effective interest method. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

f) Finance costs

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

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

g) Finance income

Finance income includes interest receivable on funds invested, measured at the effective rate of interest on the underlying sum invested.

h) Dividends

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

i) Tax

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

j) Going concern

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

LondonMetric Logistics Limited

Notes to the financial statements (continued) Year ended 31 March 2019

1. Accounting policies (continued)

k) Operating lease commitments

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company, the total rentals payable under the lease are charged to profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

l) Investment in subsidiaries

Investments in subsidiaries are shown at cost less provision for impairment. An impairment review is carried out annually to assess the recoverable amount based on the net assets of the subsidiary companies.

2. Administration expenses

a) Employees

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

b) Audit fees

The auditor's remuneration for the current year and prior period was borne by the ultimate parent company. Fees attributable to the audit of the Company were £1,925 (2017/18: £1,850). There were no non-audit fees payable by the Company to BDO LLP and its associates in the current year or prior period.

c) Directors' remuneration

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

3. Finance income

	Year ended 31 March 2019 £	Period ended 31 March 2018 £
Interest received on intercompany loan balance	-	207,611
Bank interest receivable	606	1,331
Other interest receivable	509	-
	<u>1,115</u>	<u>208,942</u>

4. Finance costs

	Year ended 31 March 2019 £	Period ended 31 March 2018 £
Interest payable on intercompany loan balance	890,079	1,670,828
Other interest payable	1,789	-
	<u>891,868</u>	<u>1,670,828</u>

LondonMetric Logistics Limited

Notes to the financial statements (continued) Year ended 31 March 2019

5. Tax

	Year ended 31 March 2019 £	Period ended 31 March 2018 £
Current tax		
Current tax on profit for the year/period	-	-
Total tax on ordinary activities	-	-

Factors affecting tax for the year/period

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

	Year ended 31 March 2019 £	Period ended 31 March 2018 £
Profit on ordinary activities before tax	12,201,290	4,710,778
Tax on profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017/18: 19%)	2,318,245	895,048
Effects of: REIT tax exemption	(2,318,245)	(895,048)
Total tax on ordinary activities	-	-

Factors that may affect future tax charges

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

LondonMetric Logistics Limited

Notes to the financial statements (continued) Year ended 31 March 2019

6. Investment property

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

	31 March 2019 £	31 March 2018 £
At 1 April/incorporation	98,660,000	-
Additions	656,483	94,663,820
Disposals	(31,280,530)	-
Revaluation surplus	6,466,693	3,201,221
	<hr/>	<hr/>
	74,502,646	97,865,041
Tenant lease incentives, letting fees and accrued rental income	(392,646)	794,959
	<hr/>	<hr/>
At 31 March	<u>74,110,000</u>	<u>98,660,000</u>
Property held at valuation		
- cost	65,041,096	95,458,779
- valuation gain	9,068,904	3,201,221
	<hr/>	<hr/>
At 31 March	<u>74,110,000</u>	<u>98,660,000</u>

Valuation

At 31 March 2019, the Company's freehold investment property was externally valued by the Royal Institution of Chartered Surveyors (RICS) Registered Valuers of CBRE Limited ("CBRE") Chartered Surveyors, at £74,110,000 (31 March 2018: £98,660,000).

The valuation was prepared in accordance with the RICS Valuation – Professional Standards 2014 on the basis of fair value. Fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The total fees earned by CBRE from the Company represent less than 5% of their total UK revenues. The valuer has continuously been the signatory of valuations for the Company since September 2017 and has therefore carried out valuation and professional services on behalf of the Company for less than five years.

At 31 March 2019 and the prior year end no contractual obligations had been entered into which had not been provided for in the financial statements.

7. Investments

	31 March 2019 £	31 March 2018 £
At 1 April/incorporation	227,894	-
Additions	-	227,894
Impairment of investment	(277,894)	-
	<hr/>	<hr/>
At 31 March	<u>-</u>	<u>227,894</u>

Investments are held at the lower of cost or net realisable value. The carrying value of the Company's investments was impaired following a review to assess the recoverable amount based on the net assets of the subsidiary companies.

LondonMetric Logistics Limited

Notes to the financial statements (continued) Year ended 31 March 2019

7. Investments (continued)

At 31 March 2019 the Company has the following subsidiary undertaking:

	Country of incorporation	Proportion of voting rights held (by way of share capital held)	Nature of business
LMP GB1W02 LLC	Delaware	100%	Property investment

The undertaking listed above operates in its country of incorporation. All shares held are ordinary shares. All other subsidiaries were dissolved in the year.

The Company is a wholly owned subsidiary of LondonMetric Property Plc and as such the Company did not prepare consolidated accounts for the year ended 31 March 2019. The above entity is not consolidated by the Company under the exemption provided by section 400 of the Companies Act 2006.

8. Trade and other receivables

	31 March 2019 £	31 March 2018 £
Amounts due from tenants	116,495	32,616
Prepayments and accrued income	1,906	300
	<u>118,401</u>	<u>32,915</u>

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

Trade receivables comprise rental income which is due on contractual quarter days with no credit period.

9. Trade and other payables

	31 March 2019 £	31 March 2018 £
Rents invoiced in advance	636,129	1,252,436
VAT payable	210,842	464,966
Trade creditors and other accruals	628,387	802,683
Corporation tax	-	14,322
	<u>1,475,358</u>	<u>2,534,407</u>

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

10. Amounts owing to Group undertakings

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

LondonMetric Logistics Limited

Notes to the financial statements (continued) Year ended 31 March 2019

11. Share capital

	31 March 2019 £	31 March 2018 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	42,571,201	55,350,001

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

On 5 February 2019, 12,778,800 £1 ordinary shares were redeemed at par.

In the prior period, 55,350,000 £1 ordinary shares were issued at par on 15 February 2018.

A dividend of 19,191,858 (45.08 pence per share) was paid on 5 February 2019.

In the prior period dividends of £386,432 (£386,432 per share) and £307,817 (0.56 pence per share) were paid on 5 February 2018 and 20 March 2018 respectively.

12. Operating leases

The Company as lessor

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

	31 March 2019 £	31 March 2018 £
Less than one year	3,020,536	5,697,413
Between two and five years	13,042,602	10,714,590
Greater than five years	13,030,142	12,975,909
	<u>29,093,280</u>	<u>29,387,912</u>

13. Controlling party information

The immediate and ultimate parent company is LondonMetric Property Plc. Copies of the consolidated accounts of LondonMetric Property Plc can be obtained from its registered office at 1 Curzon Street, London W1J 5HB and its website www.londonmetric.com.