

**LAND SECURITIES (FINANCE) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2019**

# LAND SECURITIES (FINANCE) LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors of Land Securities (Finance) Limited (the 'Company') present their Strategic Report and the audited financial statements for the year ended 31 March 2019.

### Results for the year

The results are set out in the Statement of Comprehensive Income on page 6.

### Review of the business

The Company has continued its business of acting as a conduit for banking and financial services between Land Securities Capital Markets PLC, LS Property Finance Company Limited and the subsidiaries of Land Securities Group PLC. No changes in the Company's principal activity are anticipated in the foreseeable future.

### Key performance indicators

The directors assess the performance of the Company by reference to the surplus/deficit from its financing activities less any allowance for impairment on these loans charged to the Statement of Comprehensive Income during the year.

### Key performance indicators

The directors assess the performance of the Company by reference to the surplus of interest receivable over interest payable from amounts due from/owed to the Group's subsidiary undertakings less any allowance for impairment on these loans charged to the income statement during the year.

### Principal risks and uncertainties

The principal risk facing the Company is that poor performance of the Group's subsidiary undertakings might have a material impact on the recovery of loans repayable to the Company by these entities. The Company's performance during the year indicates a satisfactory performance of the Group's subsidiary undertakings.

### Financial risk management

The Company is exposed to liquidity risk, credit risk and interest rate risk. Given the absence of external borrowings in the Company, these risks are not considered material.

While the Company has minimal short-term liquidity requirements, any funding requirements could be covered by committed facilities held by other group companies.

The Company's principal financial assets are amounts due from Group undertakings and therefore the credit risk it faces is primarily attributable to its trade receivables and amounts due from Group undertakings. In determining the credit-loss of amounts due from Group undertakings, the company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty, which is a fellow subsidiary undertaking of Land Securities Group PLC.

There is no material difference between the book value and the fair value of the Company's financial instruments.

Further discussion of these risks and uncertainties, in the context of Land Securities Group PLC and its subsidiaries (the 'Group') as a whole, is provided in the Group's Annual Report, which does not form part of this report.

Registered Office  
100 Victoria Street  
London  
SW1E 5JL

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

M Smout, for and on behalf of LS Company Secretaries Limited  
Company Secretary

Date: 10 December 2019

Registered and domiciled in England and Wales

Registered number: 00680609

# LAND SECURITIES (FINANCE) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors of Land Securities (Finance) Limited (the 'Company') present their report and the audited financial statements for the year ended 31 March 2019.

### Directors' responsibilities statement

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the audited 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 audited 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited 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 to enable them to ensure that the audited 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.

### Principal activity

The Company has continued its business of acting as a conduit for banking and financial services between Land Securities Capital Markets PLC, LS Property Finance Company Limited and the subsidiaries of Land Securities Group PLC in the United Kingdom. No changes in the Company's principal activity are anticipated in the foreseeable future.

### Dividend

The directors do not recommend the payment of a dividend for the year ended 31 March 2019 (2018: £Nil).

### Directors

The directors who held office during the year and up to the date of this report unless otherwise stated were:

M P Cadwaladr  
M F Greenslade  
M R Wood  
M R Worthington  
A M Deutsch (appointed 30 July 2018)  
J L Fountain (appointed 30 July 2018)  
R C Futter (appointed 30 July 2018)

### Indemnity

The Company has made qualifying third party indemnity provisions for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of this report.

### Financial risk management

The financial risk management objectives and policies are disclosed in the Strategic Report.

**LAND SECURITIES (FINANCE) LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2019**

**Statement of 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'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's auditor is aware of that information.

Registered Office  
100 Victoria Street  
London  
SW1E 5JL

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

M Smout, for and on behalf of LS Company Secretaries Limited  
Company Secretary

Date: 10 December 2019

Registered and domiciled in England and Wales  
Registered number: 00680609

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND SECURITIES (FINANCE) LIMITED

### Opinion

We have audited the financial statements of Land Securities (Finance) Limited (the 'Company') for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15, 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 FRS 101 'Reduced Disclosure Framework'.

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 loss 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 below. 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 strategic report and the 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND SECURITIES (FINANCE) 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 strategic report and 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.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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 on 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.

Claire Johnson (Senior statutory auditor)

For and on behalf of  
Ernst & Young LLP, Statutory Auditor

London  
Date: 10 December 2019

**LAND SECURITIES (FINANCE) LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2019**

|   | Notes | 2019<br>£000    | 2018<br>£000  |
|---|-------|-----------------|---------------|
| Other income  | 4     | 391             | -             |
| Management and administrative expenses  | 4     | -               | 11            |
| Impairments of amounts due to Group undertakings                                  | 4     | (1,206)         | 452           |
| Write off of amounts due from Group undertakings                                  | 4     | (53,196)        | -             |
| <b>Operating (loss)/profit</b>  |       | <b>(54,011)</b> | <b>463</b>    |
| Interest income   | 5     | 269,891         | 302,648       |
| Interest expense  | 5     | (264,613)       | (284,385)     |
| <b>(Loss)/profit before tax</b>   |       | <b>(48,733)</b> | <b>18,726</b> |
| Taxation  | 6     | (2,385)         | (2,044)       |
| <b>(Loss)/profit and total comprehensive (loss)/income for the financial year</b> |       | <b>(51,118)</b> | <b>16,682</b> |

There were no recognised gains or losses for 2019 or 2018 other than those included in the statement of comprehensive income.

All amounts are derived from continuing activities.

**LAND SECURITIES (FINANCE) LIMITED**  
**REGISTERED NUMBER: 00680609**

**BALANCE SHEET**  
**AS AT 31 MARCH 2019**

|                                     |       | 2019                  | 2018                  |
|-------------------------------------|-------|-----------------------|-----------------------|
|                                     |       | £000                  | £000                  |
|                                     | Notes |                       | (Restated)            |
| <b>Current assets</b>               |       |                       |                       |
| Trade and other receivables         | 7     | -                     | 10,929                |
| Amounts due from Group undertakings | 8     | 5,790,422             | 8,268,196             |
| Cash and cash equivalents           | 9     | 30,726                | 61,211                |
|                                     |       | <u>5,821,148</u>      | <u>8,340,336</u>      |
| <b>Current liabilities</b>          |       |                       |                       |
| Trade and other payables            | 10    | (46,976)              | (55,323)              |
| Borrowings                          | 11    | (48,296)              | (69,898)              |
| Amounts owed to Group undertakings  | 12    | (5,125,212)           | (7,563,333)           |
|                                     |       | <u>(5,220,484)</u>    | <u>(7,688,554)</u>    |
| <b>Net assets</b>                   |       | <u><u>600,664</u></u> | <u><u>651,782</u></u> |
| <b>Capital and reserves</b>         |       |                       |                       |
| Share capital                       | 13    | 500,000               | 500,000               |
| Retained earnings                   |       | 100,664               | 151,782               |
| <b>Total equity</b>                 |       | <u><u>600,664</u></u> | <u><u>651,782</u></u> |

2018: Restated as a result of a reclassification of the prior year non-current amounts owed to Group undertakings. See note 15 for further details.

The financial statements on pages 6 to 15 were approved by the Board of Directors and were signed on its behalf by:

M R Worthington  
Director

Date: 10 December 2019



**LAND SECURITIES (FINANCE) LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2019**

|   | Share capital<br>£000 | Retained earnings<br>£000 | Total equity<br>£000 |
|---|-----------------------|---------------------------|----------------------|
| At 1 April 2017                                   | 500,000               | 135,100                   | 635,100              |
| Total comprehensive income for the financial year | -                     | 16,682                    | 16,682               |
| <b>At 31 March 2018</b>                           | <b>500,000</b>        | <b>151,782</b>            | <b>651,782</b>       |
| Total comprehensive loss for the financial year   | -                     | (51,118)                  | (51,118)             |
| <b>At 31 March 2019</b>                           | <b>500,000</b>        | <b>100,664</b>            | <b>600,664</b>       |

## LAND SECURITIES (FINANCE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1. Accounting policies

##### 1.1 Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The financial statements are prepared under the historical cost convention.

Land Securities (Finance) Limited (the 'Company') is a private company limited by shares and is incorporated, domiciled and registered in England and Wales (Registered number: 00680609). The nature of the Company's operations is set out in the Strategic Report on page 1. The results of the Company are included in the consolidated financial statements of Land Securities Group PLC which are available from the Company's registered office at 100 Victoria Street, London, SW1E 5JL.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2019. The financial statements are prepared in Pounds Sterling (£) and are rounded to the nearest thousand pounds (£000).

The balance sheet for the year ended 31 March 2018 has been restated due to the £4,766,618,000 loan balance between the Company and LS Property Finance Company Limited, a fellow group undertaking being incorrectly classified as non-current. Management's expectation is that the loans will be held to maturity, in line with the fixed rate medium term notes and syndicated/ bilateral debt to which they are related, which is between 2022-2059 and 2023-2024 respectively. However, the loan agreement with LS Property Finance Company Limited includes a clause that states that the loan can be called on at the request of LS Property Finance Company Limited and therefore the amounts owed to Group undertakings have been reclassified as current.

##### 1.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- 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 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
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The equivalent disclosures relating to IFRS 7, IFRS 13 & IAS 36 are included in the consolidated financial statements of Land Securities Group PLC, in which the entity is consolidated.

##### 1.3 Cash and cash equivalents

Cash and cash equivalents comprises cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or fewer. Overdrawn balances are reported within Borrowings (see 1.11).

##### 1.4 Provisions

A provision is recognised in the Balance Sheet when the Company has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where relevant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

##### 1.5 Expenses

Management and administrative expenditure is expensed as incurred.

## LAND SECURITIES (FINANCE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 1. Accounting policies (continued)

##### 1.6 Impairment

The carrying amounts of the Company's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the Statement of Comprehensive Income whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

##### 1.7 Interest receivable and interest payable

Interest payable on borrowings is recognised on an accruals basis by applying the effective interest rate which takes account of the amortisation of finance costs over the term of the borrowings. Intercompany interest receivable and interest payable are recognised on an accruals basis on the corresponding intercompany loans by applying the effective interest rate which takes account of the amortisation of finance income or finance costs over the term of the loans to which they relate.

##### 1.8 Income taxation

Income tax on the profit or loss for the year comprises current tax. Current tax is the tax payable on the taxable income for the year based on tax rates and laws that are enacted or substantively enacted by the balance sheet date and any adjustment in respect of previous years.

##### 1.9 Intercompany

#### Amounts owed to Group undertakings

Amounts owed to Group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, amounts owed to Group undertakings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Statement of Comprehensive Income over the period of the loan, using the effective interest method.

#### Amounts due from Group undertakings

Amounts due from Group undertakings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, amounts due from Group undertakings are stated at amortised cost and, where relevant, adjusted for the time value of money. The Company assesses on a forward-looking basis, the expected credit losses associated with its amounts due from Group undertakings. The Company applies the general impairment approach, either a 12-month expected credit loss or lifetime expected credit loss depending on the existence of indicators of significant deterioration in credit risk for all amounts due from Group undertakings. If collection is expected in more than one year, the balance is presented within non-current assets.

##### 1.10 Trade and other payables

Trade and other payables with no stated interest rate and payable within one year are recorded at transaction price. Trade and other payables after one year are discounted based on the amortised cost method using the effective interest rate.

##### 1.11 Borrowings

Borrowings mainly consists of overdrawn bank facilities and are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Statement of Comprehensive Income account over the period of the borrowings, using the effective interest method.

##### 1.12 Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

## LAND SECURITIES (FINANCE) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

#### 2. Changes in accounting policies and standards

The accounting policies used in these financial statements are consistent with those applied in the last annual financial statements, as amended where relevant to reflect the adoption of new standards, amendments and interpretations which became effective in the year, the impact of which is outlined below.

##### Changes in accounting policy

The Company has adopted IFRS 9 Financial Instruments on 1 April 2018. While some accounting policies have been amended on adoption of the standard, there have been no adjustments to the Company's Statement of Comprehensive Income or Balance Sheet. The new accounting policy is set out in note 1.9.

The Company has adopted IFRS 15 Revenue from Contracts with Customers on 1 April 2018. The Company has elected to apply the standard on a full retrospective basis as permitted by IFRS 15. There have been no adjustments to the Company's Statement of Comprehensive Income or Balance Sheet.

##### Amendments to IFRS

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the Company. The most significant of these is IFRS 16 Leases (effective for the Company from 1 April 2019). Based on the impact assessment carried out, there are no changes expected as a result of the adoption of this standard. There will be no net impact on profit attributable to shareholders or the Company's Balance Sheet.

#### 3. Critical accounting judgements and estimates

The Company's significant accounting policies are stated in note 1 above. Not all of these significant accounting policies require management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements. These judgements involve assumptions or estimates in respect of future events. Actual results may differ from these estimates.

##### Estimates

##### Amounts due from Group undertakings

The Company is required to judge when there is sufficient objective evidence to require the impairment of amounts due from Group undertakings. It does this by assessing on a forward-looking basis, the expected credit losses associated with its amounts due from Group undertakings. A provision for impairment is made for the lifetime expected credit losses on initial recognition of the amounts due. In determining the expected credit losses, the Company takes into account any future expectations of likely default events based on the level of capitalisation of the counterparty, which is a fellow subsidiary undertaking of Land Securities Group PLC.

#### 4. Management and administrative expenses

##### (a) Management services

The Company had no employees during the year (2018: None). Management services were provided to the Company throughout the year by Land Securities Properties Limited, a fellow Group undertaking, charges for which amount to **£Nil** (2018: **£Nil**).

##### (b) Directors' remuneration

The Group directors' emoluments are borne by Land Securities Properties Limited. The directors of the Company received no emoluments from Land Securities Properties Limited for their services to the Company (2018: **£Nil**).

##### (c) Auditor remuneration

The Group auditor's remuneration is borne by Land Securities Properties Limited. The proportion of the remuneration which relates to the Company amounts to **£1,700** (2018: **£1,700**). No non-audit services were provided to the Company during the year (2018: **£Nil**).

##### (d) Provision for impairment in value

An impairment charge of **£1,206,000** (2018: **£452,000** reversal) in respect of amounts due from Group undertakings has been recognised in the Statement of Comprehensive Income for the year.

An amount of **£53,196,000** (2018: **£Nil**) has been written off in respect of an amount due from a fellow group undertaking in the prior year.

##### (e) Other income

Included within other income, is the write back of a VAT liability of **£391,000** (2018: **£Nil**) in relation to previous periods.

**LAND SECURITIES (FINANCE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**5. Net interest income**

|  | 2019<br>£000        | 2018<br>£000         |
|--|---------------------|----------------------|
| <b>Interest expense</b>                                    |                     |                      |
| Interest on amounts owed to Group undertakings             | (264,613)           | (284,385)            |
|  | <u>(264,613)</u>    | <u>(284,385)</u>     |
| <b>Interest income</b>                                     |                     |                      |
| Interest receivable on amounts due from Group undertakings | 269,891             | 302,648              |
|  | <u>269,891</u>      | <u>302,648</u>       |
| <b>Net interest income</b>                                 | <u><u>5,278</u></u> | <u><u>18,263</u></u> |

**6. Income tax**

|   | 2019<br>£000        | 2018<br>£000        |
|---|---------------------|---------------------|
| <b>Corporation tax</b>  |                     |                     |
| Income tax on (loss)/profit for the year                                | 2,385               | 2,044               |
|   | <u>2,385</u>        | <u>2,044</u>        |
| <b>Total income tax charge in the Statement of Comprehensive Income</b> | <u><u>2,385</u></u> | <u><u>2,044</u></u> |

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of **19%**

(2018 - 19%) as set out below:

|  | 2019<br>£000        | 2018<br>£000        |
|--|---------------------|---------------------|
| (Loss)/profit before tax                                       | <u>(48,733)</u>     | <u>18,726</u>       |
| (Loss)/profit before tax multiplied by UK corporation tax rate | (9,259)             | 3,558               |
| <b>Effects of:</b>   |                     |                     |
| Expenses not deductible for tax purposes                       | 1,411               | -                   |
| Non-taxable loss/(income)                                      | 10,107              | (1,525)             |
| Adjustments in respect of prior years                          | 126                 | 11                  |
| <b>Total tax charge for the year</b>                           | <u><u>2,385</u></u> | <u><u>2,044</u></u> |

Land Securities Group PLC is a Real Estate Investment Trust (REIT). As a result the Company does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Company continue to be subject to corporation tax as normal.

**LAND SECURITIES (FINANCE) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2019**

**7. Trade and other receivables**

|  | 2019<br>£000 | 2018<br>£000  |
|--|--------------|---------------|
| Prepayments                              | -            | 10,929        |
| <b>Total trade and other receivables</b> | <b>-</b>     | <b>10,929</b> |

**8. Amounts due from Group undertakings**

|   | 2019<br>£000     | 2018<br>£000     |
|---|------------------|------------------|
| Amounts due from Group undertakings - fellow subsidiaries | 5,790,422        | 8,268,196        |
| <b>Total amounts due from Group undertakings</b>          | <b>5,790,422</b> | <b>8,268,196</b> |

The unsecured amounts due from Group undertakings are repayable on demand with no fixed repayment date. Interest is charged at **4.1%** per annum (2018: 4.3%).

**9. Cash and cash equivalents**

|  | 2019<br>£000  | 2018<br>£000  |
|--|---------------|---------------|
| Cash at bank and in hand               | 30,726        | 61,211        |
| <b>Total cash and cash equivalents</b> | <b>30,726</b> | <b>61,211</b> |

**10. Trade and other payables**

|                                       | 2019<br>£000  | 2018<br>£000  |
|---------------------------------------|---------------|---------------|
| Other payables                        | 1,102         | 9,196         |
| Accruals                              | 43,636        | 44,111        |
| Social security, VAT and other taxes  | 2,238         | 2,016         |
| <b>Total trade and other payables</b> | <b>46,976</b> | <b>55,323</b> |

**11. Borrowings**

|                         | 2019<br>£000  | 2018<br>£000  |
|-------------------------|---------------|---------------|
| Bank overdrafts         | 48,296        | 69,898        |
| <b>Total borrowings</b> | <b>48,296</b> | <b>69,898</b> |

# LAND SECURITIES (FINANCE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 12. Amounts owed to Group undertakings

|  | 2019<br>£000     | 2018<br>£000<br>(Restated) |
|--|------------------|----------------------------|
| Amounts owed to Group undertakings - fellow subsidiaries | 5,125,212        | 7,563,333                  |
| <b>Total amounts owed to Group undertakings</b>          | <b>5,125,212</b> | <b>7,563,333</b>           |

2018: Restated as a result of a reclassification of the prior year non-current amounts owed to Group undertakings. See note 15 for further details.

Included within amounts owed to Group undertakings are **£360,259,000** (2018: £2,796,715,000) which are repayable on demand with no fixed repayment date. Interest is charged at **4.1%** per annum (2018: 4.3%).

Also included within amounts owed to Group undertakings is a loan from a fellow Group undertaking, LS Property Finance Company Limited of **£4,764,953,000** (2018: £4,766,618,000) which relate to fixed rate medium term notes with maturities between 2022-2059 and syndicated/ bilateral debt with maturities between 2023-2024. The loans are repayable at the request of LS Property Finance Company Limited. Interest is charged on the loan from LS Property Finance Company Limited at the related fixed rate medium-term notes rates of between 1.974% and 5.425% plus 0.01% and at the syndicated/ bilateral debt rate of LIBOR + margin plus 0.01 %.

### 13. Share capital

|                               | Authorised and issued |                    | Allotted and fully paid |                |
|-------------------------------|-----------------------|--------------------|-------------------------|----------------|
|                               | 2019                  | 2018               | 2019                    | 2018           |
|                               | Number                | Number             | £000                    | £000           |
| Ordinary shares of £1.00 each | 500,000,002           | 500,000,002        | 500,000                 | 500,000        |
|                               | <b>500,000,002</b>    | <b>500,000,002</b> | <b>500,000</b>          | <b>500,000</b> |

### 14. Parent company

The immediate parent company is Land Securities PLC.

The ultimate parent company and controlling party at 31 March 2019 was Land Securities Group PLC, which is registered in England and Wales. This is the largest parent company of the Group to consolidate these financial statements.

Consolidated financial statements for the year ended 31 March 2019 for Land Securities Group PLC can be obtained from the Company Secretary, 100 Victoria Street, London, SW1E 5JL. This is the largest and smallest Group to include these accounts in its consolidated financial statements.

# LAND SECURITIES (FINANCE) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 15. Prior year restatement

The balance sheet for the year ended 31 March 2018 has been restated due to the £4,766,618,000 loan balance between the Company and LS Property Finance Company Limited, a fellow group undertaking being incorrectly classified as non-current. Management's expectation is that the loans will be held to maturity, in line with the fixed rate medium term notes and syndicated/ bilateral debt to which they are related, which is between 2022-2059 and 2023-2024 respectively. However, the loan agreement with LS Property Finance Company Limited includes a clause that states that the loan can be called on at the request of LS Property Finance Company Limited and therefore the amounts owed to Group undertakings have been reclassified as current.

|   | 2018<br>£000            |
|---|-------------------------|
| <b>Effect on non-current amounts due to Group undertakings</b>                    |                         |
| Non-current amounts due to Group undertakings at 31 March 2018                    | 4,766,618               |
| Adjustment to reclassify non-current amounts due to Group undertakings as current | (4,766,618)             |
| <b>Restated non-current amounts due to Group undertakings</b>                     | <u><u>-</u></u>         |
| <b>Effect on current amounts due to Group undertakings</b>                        |                         |
| Current amounts due to Group undertakings at 31 March 2018                        | 2,796,715               |
| Adjustment to reclassify non-current amounts due to Group undertakings as current | 4,766,618               |
| <b>Restated current amounts due to Group undertakings</b>                         | <u><u>7,563,333</u></u> |



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