Langtree

REPORT AND ACCOUNTS 2017–18

Contents

Commitment to Performance

2.3m
Sq. ft. of property under management

450
Tenants within the Group portfolio

£210m
Total assets under management

£15m
Rent roll under management

50,000
Sq. ft. planned for Project Violet

£9m
Wire Regeneration owned property assets

1m
Sq. ft. of planned logistics space at Parkside

37
Langtree team

£3.6m
Net asset value

Commitment to Partnerships

This is only our third year of trading, but the company certainly has the feel of a much more mature business. Our primary focus remains on developing the joint venture (JV) assets we own in the valued partnerships we have, and this past year has seen a real step-change in activity across all fronts. Our profit before tax has increased from £887k in 2016/17 to £965k in 2017/18 on a like-for-like basis (excluding one-off profit last year). The net asset value of the business now stands at £3.6m – up from £2.8m. The Langtree team is now 37 strong and includes experienced property management, property development and site-based building management staff led by the respective Directors.

Our JV with St. Helens Council, Parkside Regeneration, has certainly seen significant progress in the year. In February 2018 we submitted a planning application for the first phase of development, totalling almost 1 million sq. ft. of logistics space. We anticipate that the application will be determined early in the new calendar year. In March this year, St. Helens Council also submitted a planning application for a new link road that will connect the site to the motorway network. The new Parkside Link Road will provide the primary access for the whole site when completed in 2021 facilitating up to 2.7 million sq. ft. of logistics and manufacturing space. Given the advanced position of the link road we have already begun work on the Phase 2 planning application to be submitted in 2019. If planning permission is granted, then work on site could begin as early as Q3 2020.

Wire Regeneration, our JV with Warrington Borough Council, has also moved on significantly. We have completed the upgrade of St. James Business Centre, submitted a planning application for our first phase of residential development in the Southern Gateway and we have now formally begun the planning application process to facilitate the relocation of the existing bus depot which should be submitted in Q2 2019. The JV already owns approaching £9m of property assets in the Southern Gateway area and we hope to complete more in the year ahead as the momentum increases to deliver the Southern Gateway masterplan.

Our partnership with Oldham Council for the Hollinwood regeneration scheme on Junction 22 of the M60 is now on site and the first development completed. A major breakthrough in the last year saw National Grid finally begin the removal of the redundant gas holder that has thwarted the development of a large area of this strategic site for some years. The work to remove the gas holder should complete in early 2019 and in anticipation of that we already have a number of deals in the pipeline.

Once again, I am extremely pleased to be signing off another successful year for Langtree.

It has also been a busy year for our JV at Sci-Tech Daresbury in partnership with Halton Borough Council and the Science and Technology Facilities Council (STFC). Last year I reported on the completion of the latest developments, Techspace One and Techspace Two, and I am extremely pleased to report that already they are approaching full occupancy, again showing the growing brand strength of Sci-Tech Daresbury. The work to improve the environment of the campus has continued and the quality of place is now seen by the majority of tenants as the primary reason for them choosing to operate their business from the campus. Given the very strong performance of the Techspace buildings, last year the Board commissioned the next phase of development, known as Project Violet. This new phase will comprise three buildings totalling 50,000 sq. ft. Planning consent for Project Violet is now in place and we hope to be on site with this next phase in Q2 2019. There are also a number of other exciting plans under development at Sci-Tech Daresbury that we hope we will be able to announce during the course of next year.

During the year we were also very pleased to see our partnership continue to develop with fund manager PGIM Real Estate. Having assisted in the purchase of a number of industrial investment assets we have just completed significant refurbishment schemes on its behalf in both the North West and Yorkshire regions and continue to assist them in this activity. In addition, we are now also managing a number of key development opportunities on its behalf and operate a number of third-party management contracts comprising industrial, office and residential for clients such as Warrington Borough Council.

In total Langtree currently manages a total of 2.3 million sq. ft. of property accommodating some 450 tenants in the North West, Yorkshire and the Midlands, with a rent roll of some £15m. Our in-house property management team provides a total property management solution both for our own investments and for our managed portfolio, including a complete in-house marketing capability. In total we now manage over £210m of assets.

Clearly activity in the business is now really strong and we remain committed to developing this further but always in a focused mature way. As I referred to last year, we understand that our reputation relies upon the strength of our relationships and our continued commitment to deliver outstanding performances and vitally in all of our joint venture projects. The Board acknowledges that growth must not come at the expense of continuing to provide the best possible service to our existing relationships, especially as we now enter this period of increased activity across all fronts.

In summary, 2017/18 has been an excellent year. Langtree continues to grow as does its reputation. In our three years of operation we have steered the business to a very sound position both financially and organisationally and we are able to look to the future with a great deal of confidence, especially with the pipeline of activity that we now have. The Board is very enthusiastic about the next year ahead.

I would like to give my thanks again to the dedicated Langtree team for their hard work and enthusiasm, which once again has been outstanding; also, to my fellow Board members for their hard work. I am pleased to welcome Tom Bellis to the Board this year as Group Finance Director. We continue our policy of working closely with a small group of advisors and contractors and I would like to thank them for their dedication and commitment to our business and their interest in its continued development. Thanks, are again due to Network Space for its continued support as a minority shareholder in Langtree.

Finally, I reserve particularly warm thanks to our JV partners and clients for the exceptional continued support they provide to Langtree. We are looking forward to seeing some of the fruits of our partnerships with them coming through in the year ahead.

Tim Johnston
Chairman

Board of Directors

1

Tim Johnston
Chairman

Tim is Executive Chairman of AMION Consulting, a firm that advises on regeneration and economic development. He is an economist and a Chartered Accountant, and his other non-executive director roles include Aintree University Hospital, where he is the Senior Independent Director and Chairman of the Audit Committee. As Chairman of Langtree, Tim provides advice for the stewardship of the joint ventures, drawing on his wide public sector and development experience.

2

Adrian Clery
Non-Executive Director

Adrian is a Director at Colliers International based in London, focusing on funding and specialist investment, including joint ventures. During his years at Colliers he has worked in all aspects of property from property management to industrial and development agency, insolvency and fund management through to investment work. Adrian has worked closely with Langtree on development and investment projects, and brings a national investment perspective to the team.

3

John Downes
Group Chief Executive

John is a Chartered Surveyor with 30 years' property experience. At British Coal Property he headed the regeneration of former colliery sites in the NW and Midlands involving management of political/emotional reaction to change of use. John has held senior posts with English Partnerships, and Amec Regeneration, with considerable experience in regeneration, public/private partnerships and managing complex multi-disciplinary developments. He is a Board member of Cheshire & Warrington LEP, Atlantic Gateway, Warrington & Co and Sci-Tech Daresbury Enterprise Zone.

Commitment to good Management

4

Malcolm Jackson
Chief Operating Officer

Malcolm is Langtree's Chief Operating Officer. His background includes six years at Wainhomes where his roles included Group Company Secretary and Divisional Finance Director. Prior to this Malcolm worked for KPMG in the North West and Australia. He is a Chartered Accountant and an Associate Member of Corporate Treasurers. Malcolm has 16 years' experience at Langtree, and has been involved in establishing and subsequent management of the Group's existing JV projects. He is a Board Member of St Helens Chamber.

5

Jayne Furnival
Group Property Director

Jayne has been employed by Langtree for over 12 years, and as Group Property Director she has overall responsibility for letting, marketing and asset management of the investment properties. Jayne has been a key part of letting and selling the properties and bringing the portfolio up to a mature occupancy whilst ensuring the management and retention of occupiers is maintained. During this time, Jayne has had involvement with the preparation and implementation of joint ventures within the business and assessment of new sites.

6

Neal Biddle
Group Development Director

Neal is Langtree's Group Development Director with 17 years' experience in commercial development. Neal joined Langtree from MAG Developments (part of Manchester Airports Group). He was part of the Manchester Airport Property and Development team which brought forward the Airport City development masterplan securing £650m investment from Chinese investors. Neal led the delivery of Airport City South Logistics Park and the infrastructure development strategy for the whole masterplan.

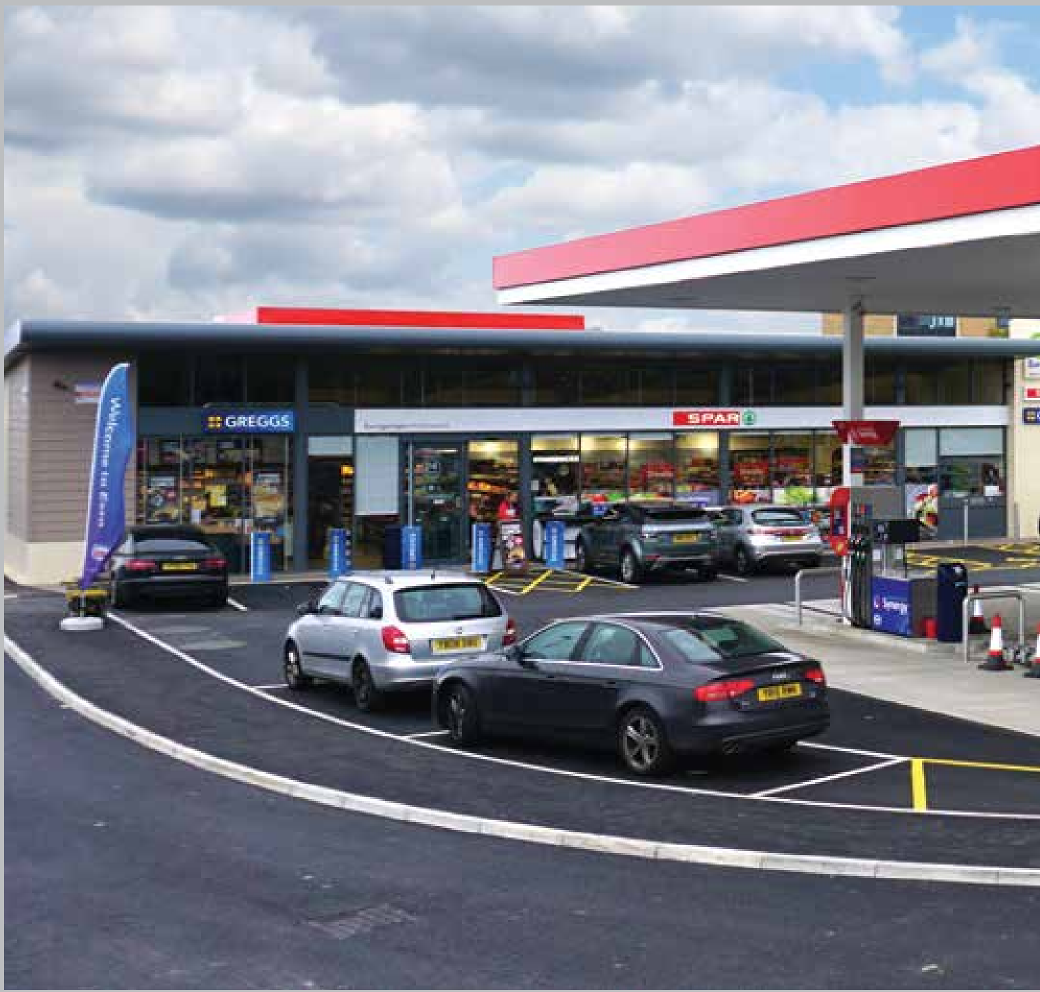
7

Tom Bellis
Group Finance Director

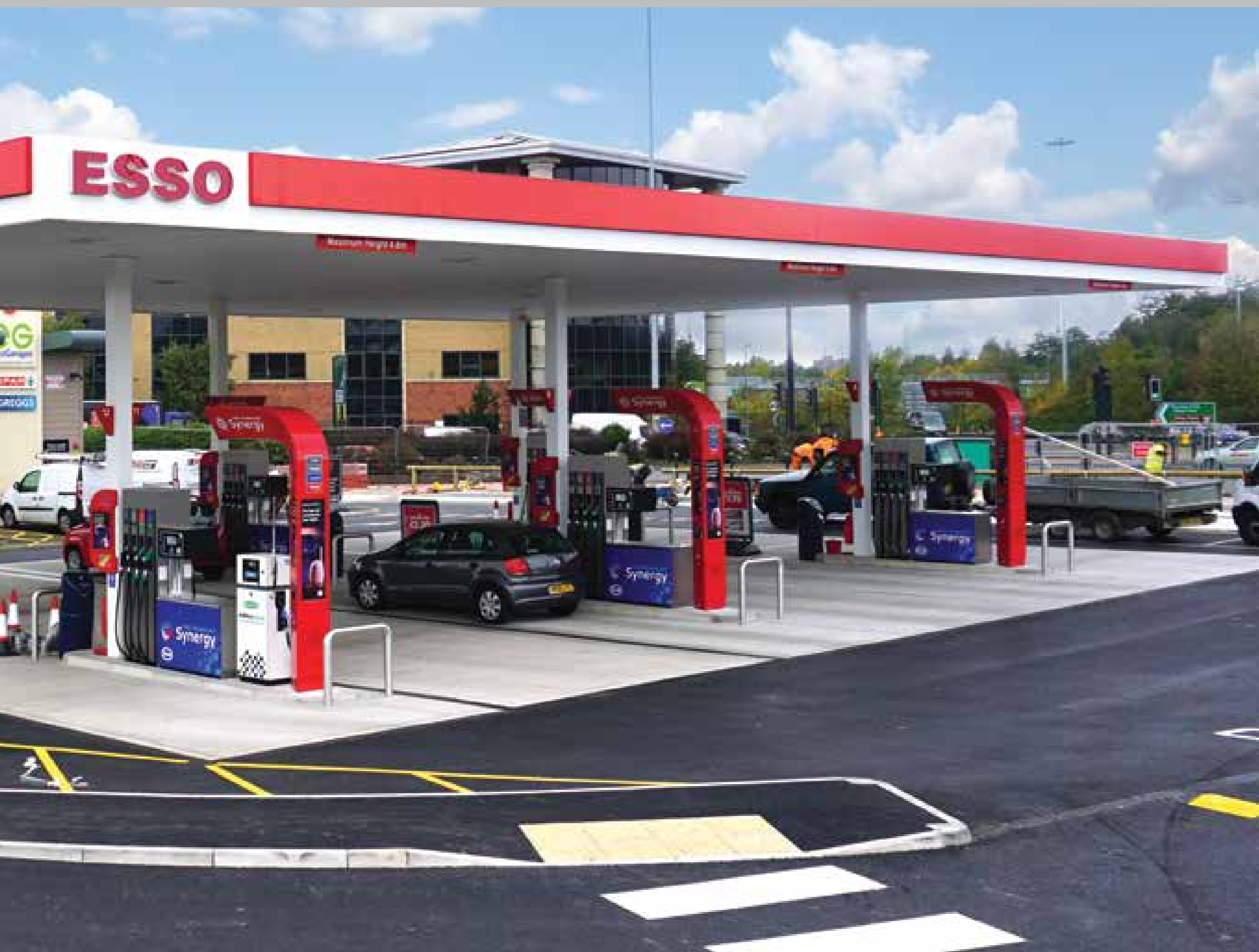
Tom is a Chartered Accountant, with 8 years' experience at Langtree. After graduating with a first class degree from the University of Manchester, he joined the graduate programme at Baker Tilly gaining his ACA qualification in 2008. His background also includes roles in group accounting and treasury at MWH Global Inc.

Commitment to Delivery

Project Violet,
Sci-Tech Daresbury



Eurogarages,
Hollinwood


ESSO
Synergy

St James Business Centre, Warrington

“Wire Regeneration, the joint venture between Langtree and Warrington Borough Council, continues to make good and sustained progress. Our plans to regenerate St James Business Centre are well advanced, the plan for the re-location of the “Warrington’s Own Buses” depot are now nearing fruition. We have had another successful year at a time of significant national economic uncertainty.

“The partnership with Langtree is a great example of a private/public partnership in action, sharing risks, acting as a critical friend to each other, and respecting our particular governance boundaries but above all delivering consistently commercial and economic ambitions and objectives together to benefit the Warrington economy.”

Professor Steven Broomhead
Chair – Wire Regeneration Board

Commitment to Results

Group Strategic Report
For the year ended 31 March 2018

Introduction
The Directors present their Group Strategic Report for Langtree Property Partners Limited for the year ended 31 March 2018.

Business review
The Directors are satisfied with the financial performance of the Group in 2018. The profit for the year, after taxation, amounted to £822,193 (2017: £1,696,902) and has been taken to reserves. The Directors do not propose the payment of a dividend for the year.

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

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

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

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

Mr J Downes
Director

7 November 2018

Directors' Report
For the year ended 31 March 2018

The Directors present their report and the financial statements for the year ended 31 March 2018.

Principal activity
The principal activities of the company and Group are property investment, management and development.

Results and dividends
The profit for the year, after taxation, amounted to £822,193 (2017: £1,696,902).

No dividend has been paid or declared for the year ended 31 March 2018 (2017: £Nil)

Directors
The Directors who served during the year were:

Mr J Downes
Mr M Jackson
Mr N Biddle
Ms J Furnival
Mr T Johnston
Mr A Clery
Mr T Bellis (appointed 8 August 2018)

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

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

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

– select suitable accounting policies for the Group's financial statements and then apply them consistently;

– make judgements and accounting estimates that are reasonable and prudent;

– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

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

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

– so far as the Director is aware, there is no relevant audit information of which the company and the Group's auditor is unaware, and

– the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the company and the Group's auditor is aware of that information.

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

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

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

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

Mr J Downes
Director

7 November 2018

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

Opinion
We have audited the financial statements of Langtree Property Partners Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 March 2018 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

– give a true and fair view of the state of the Group and of the parent company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;

– have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

– have been prepared in accordance with the requirements of the Companies Act 2006.

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 Group's or the parent 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 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.

Matters on which we are required to report by exception
In light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters 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 parent company financial statements are not in agreement with the accounting records and returns; or

– certain disclosures of Directors' remuneration specified by law are not made; or

– we have not received all the information and explanations we require for our audit.

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

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 Group's and parent 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 intend to liquidate the Group or the parent 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit 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.

Gareth Hitchmough (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
14th Floor
The Plaza
100 Old Hall Street
Liverpool
L3 9QJ

8 November 2018

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2018

	Note	2018 £	2017 £
Turnover	4	2,324,604	9,557,503
Cost of sales		(581,177)	(6,281,779)
Gross profit		1,743,427	3,275,724
Administrative expenses		(1,164,105)	(967,567)
Operating profit		579,322	2,308,157
Income/(loss) from participating interests		307,125	(36,648)
Profit on disposal of investments		99,223	–
Interest receivable and similar income	8	3,654	4,424
Interest payable and expenses	9	(23,672)	(147,959)
Profit before taxation		965,652	2,127,974
Tax on profit	10	(143,459)	(431,072)
Profit for the financial year		822,193	1,696,902
Profit for the year attributable to:			
Owners of the parent company		822,193	1,696,902

There were no recognised gains and losses for 2018 or 2017 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2018 (2017: £NIL).

The notes on pages **22 to 34** form part of these financial statements.

Consolidated Statement of Financial Position
as at 31 March 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	12		19,274		24,848
Investments in joint ventures	13		4,334,973		4,131,972
			4,354,247		4,156,820
Current assets					
Debtors: amounts falling due within one year	15	1,346,386		337,660	
Cash at bank and in hand	16	1,296,512		945,323	
		2,642,898		1,282,983	
Creditors: amounts falling due within one year	17	(1,144,132)		(906,473)	
Net current assets			1,498,766		376,510
Total assets less current liabilities			5,853,013		4,533,330
Creditors: amounts falling due after more than one year	18		(2,200,000)		(1,700,000)
Provisions for liabilities					
Deferred taxation	21		(860)		(3,370)
Net assets			3,652,153		2,829,960
Capital and reserves					
Called up share capital	22		100		100
Share premium account	23		789,900		789,900
Profit and loss account	23		2,862,153		2,039,960
Equity attributable to owners of the parent company			3,652,153		2,829,960

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

Mr J Downes
Director

7 November 2018

The notes on pages **22 to 34** form part of these financial statements.

Company Statement of Financial Position
as at 31 March 2018

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Tangible assets	12		19,274		24,848
Investments	13		3,727,112		3,831,236
			3,746,386		3,856,084
Current assets					
Debtors: amounts falling due within one year	15	1,346,310		337,659	
Cash at bank and in hand	16	1,137,224		615,906	
		2,483,534		953,565	
Creditors: amounts falling due within one year	17	(1,054,006)		(746,153)	
Net current assets			1,429,528		207,412
Total assets less current liabilities			5,175,914		4,063,496
Creditors: amounts falling due after more than one year	18		(2,200,000)		(1,700,000)
Provisions for liabilities					
Deferred taxation	21		(860)		(3,370)
Net assets			2,975,054		2,360,126
Capital and reserves					
Called up share capital	22		100		100
Share premium account	23		789,900		789,900
Profit and loss account	23		2,185,054		1,570,126
			2,975,054		2,360,126

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

Mr J Downes
Director

7 November 2018

The notes on pages **22 to 34** form part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31 March 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2017	100	789,900	2,039,960	2,829,960
Comprehensive income for the year				
Profit for the year	–	–	822,193	822,193
At 31 March 2018	100	789,900	2,862,153	3,652,153

Consolidated Statement of Changes in Equity
for the year ended 31 March 2017

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

The notes on pages **22 to 34** form part of these financial statements.

Company Statement of Changes in Equity
for the year ended 31 March 2018

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 April 2017	100	789,900	1,570,126	2,360,126
Comprehensive income for the year				
Profit for the year	–	–	614,928	614,928
At 31 March 2018	100	789,900	2,185,054	2,975,054

Company Statement of Changes in Equity
for the year ended 31 March 2017

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

The notes on pages **22 to 34** form part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 March 2018

	2018 £	2017 £
Cash flows from operating activities		
Profit for the financial year	822,193	1,696,902
Adjustments for:		
Depreciation of tangible assets	11,597	9,268
Profit on disposal of tangible assets	(99,223)	–
Interest paid	23,672	147,959
Interest received	(3,654)	(4,424)
Taxation charge	143,459	431,072
Decrease in stocks	–	7,413,495
(Increase)/decrease in debtors	(1,008,726)	78,439
Increase/(decrease) in creditors	491,773	(7,446,974)
Corporation tax paid	(400,083)	(3,750)
Share of (profit)/loss in joint ventures	(307,125)	36,648
Net cash generated from operating activities	(326,117)	2,358,635
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,023)	(5,189)
Sale of fixed asset investments	203,347	–
Interest received	3,654	4,424
Government grants received	–	(1,290,473)
Net cash from investing activities	200,978	(1,291,238)
Cash flows from financing activities		
New loans	2,000,000	–
Repayment of other loans	(1,500,000)	(1,617,000)
Interest paid	(23,672)	(147,959)
Net cash used in financing activities	476,328	(1,764,959)
Net increase/(decrease) in cash and cash equivalents	351,189	(697,562)
Cash and cash equivalents at beginning of year	945,323	1,642,885
Cash and cash equivalents at the end of year	1,296,512	945,323
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,296,512	945,323

The notes on pages **22 to 34** form part of these financial statements.

Notes to the Financial Statements
for the year ended 31 March 2018

1. General information

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

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

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

2. Accounting policies

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

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

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

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

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

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

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

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

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

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

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

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

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

Depreciation is provided on the following basis:

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

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

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

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

2. Accounting policies (continued)

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

2.7 Investments in subsidiaries
Investments in subsidiaries are measured at cost less accumulated impairment.

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

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

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

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

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

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

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

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

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

2.14 Operating leases: the Group as lessee
Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

2.15 Pensions
Defined contribution pension plan

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

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

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

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

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

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

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

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

2. Accounting policies (continued)

2.19 Current and deferred taxation (continued)
The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company and the Group operate and generate income.

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

– The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;

– Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

– Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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

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

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

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

Determining the fair values of joint venture investments
The company and Group has investments in joint ventures that hold significant land and investment property assets. These assets are carried in the joint ventures at fair values, which are determined at each reporting date, based on both internal and external sources of information, and the use of independent valuers.

4. Turnover

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

All turnover arose within the United Kingdom.

5. Auditor's remuneration

	2018 £	2017 £
Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	6,000	6,000
The auditing of accounts of associates of the Group pursuant to legislation	2,000	2,000
The audit of joint ventures of the Group	13,000	13,000
Other services relating to taxation	6,500	6,500
All other non-audit services not included above	5,000	5,000
	32,500	32,500

6. Employees

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

	2018 £	2017 £
Wages and salaries	1,315,375	1,155,087
Social security costs	138,788	117,641
Costs of defined contribution pension scheme	71,423	59,878
	1,525,586	1,332,606
Less recharge to joint ventures	(637,176)	(585,716)
	888,410	746,890

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

	2018 No.	2017 No.
Administration	14	14
Senior Management	4	4
Staff recharged to joint ventures	12	11
	30	29

Notes to the Financial Statements
for the year ended 31 March 2018

7. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	494,467	393,329
Company contributions to defined contribution pension schemes	27,180	20,779
	521,647	414,108

During the year retirement benefits were accruing to 4 Directors (2017: 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £179,237 (2017: £140,233).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £12,126 (2017: £9,666).

8. Interest receivable

	2018 £	2017 £
Other interest receivable	3,654	4,424

9. Interest payable and similar charges

Other loan interest payable	23,672	147,959

10. Taxation

Corporation tax		
Current tax on profits for the year	144,580	398,694
Adjustments in respect of previous periods	1,389	–
Deferred tax		
Origination and reversal of timing differences	(2,510)	32,378
Taxation on profit on ordinary activities	143,459	431,072

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 – higher than) the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	965,652	2,127,974
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	183,474	425,595
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,710	1,248
Capital allowances for year in excess of depreciation	747	(49)
Utilisation of tax losses	–	1,610
Adjustments in respect of prior periods	1,389	–
Changes in provisions leading to an increase/(decrease) in the tax charge	937	(418)
Tax effect of share of results of joint ventures	(44,798)	7,329
Partnership losses group relief	–	(4,243)
Total tax charge for the year	143,459	431,072

Factors that may affect future tax charges
UK corporation tax rates are to reduce to 17% from 1 April 2020.

11. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent company for the year was £614,928 (2017: £1,329,081).

12. Tangible fixed assets

Group and Company

	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost or valuation				
At 1 April 2017	5,419	23,019	6,131	34,569
Additions	–	4,078	1,945	6,023
At 31 March 2018	5,419	27,097	8,076	40,592
Depreciation				
At 1 April 2017	1,581	6,501	1,639	9,721
Charge for the year on owned assets	1,354	7,863	2,380	11,597
At 31 March 2018	2,935	14,364	4,019	21,318
Net book value				
At 31 March 2018	2,484	12,733	4,057	19,274
At 31 March 2017	3,838	16,518	4,492	24,848

13. Fixed asset investments

Group

	Investment in joint ventures £
Cost or valuation	
At 1 April 2017	4,131,972
Disposals	(104,124)
Share of profit/(loss)	307,125
At 31 March 2018	4,334,973
Net book value	
At 31 March 2018	4,334,973
At 31 March 2017	4,131,972

Company

	Investments in subsidiary company and joint venture £	Investment in joint ventures £	Total £
Cost			
At 1 April 2017	2,108,599	1,722,637	3,831,236
Disposals	–	(104,124)	(104,124)
At 31 March 2018	2,108,599	1,618,513	3,727,112
Net book value			
At 31 March 2018	2,108,599	1,618,513	3,727,112
At 31 March 2017	2,108,599	1,722,637	3,831,236

Notes to the Financial Statements
for the year ended 31 March 2018

14. Subsidiary undertaking

The following was a subsidiary undertaking of the company:

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

The aggregate of the share capital and reserves as at 31 March 2018 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Loss £
Langtree Daresbury Limited	1,123,839	(99,860)

Participating interests

Joint ventures

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

Notes to the Financial Statements
for the year ended 31 March 2018

15. Debtors

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade debtors	185,737	220,650	185,737	220,650
Other debtors	51,545	4,913	51,469	4,912
Prepayments and accrued income	1,109,104	112,097	1,109,104	112,097
	1,346,386	337,660	1,346,310	337,659

16. Cash and cash equivalents

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Cash at bank and in hand	1,296,512	945,323	1,137,224	615,906

17. Creditors: Amounts falling due within one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Trade creditors	36,929	13,613	36,929	13,001
Amounts owed to group undertakings	–	–	58,924	54,276
Corporation tax	144,580	398,694	144,580	333,839
Other taxation and social security	110,691	149,919	110,691	149,839
Other creditors	2,408	1,221	2,407	1,221
Accruals and deferred income	849,524	343,026	700,475	193,977
	1,144,132	906,473	1,054,006	746,153

18. Creditors: Amounts falling due after more than one year

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Other loans	2,200,000	1,700,000	2,200,000	1,700,000

In the current year, a related party loan totalling £1,500,000 at the prior year end, was repaid. A new loan from Halton Borough Council for £2,000,000 has been obtained during the year in its place.

A directors loan, totalling £200,000 (2017: £200,000) is also held at the year end.

The Directors loan attracts interest of 3% p.a and is repayable on 30 April 2028. The related party loan attracts interest of 6.5% p.a and is repayable on 31 October 2022.

19. Loans

Analysis of the maturity of loans is given below:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Amounts falling due 2–5 years				
Other loans	2,000,000	–	2,000,000	–
Amounts falling after more than 5 years				
Other loans	200,000	1,700,000	200,000	1,700,000
	2,200,000	1,700,000	2,200,000	1,700,000

20. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets measured at amortised cost	1,533,794	1,170,886	1,374,430	841,468
Financial liabilities				
Financial liabilities measured at amortised cost	3,088,861	2,057,860	2,998,736	1,962,475

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

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

21. Deferred taxation

Group

	2018 £	2017 £
At beginning of year	3,370	(29,008)
Charged to profit or loss	(2,510)	32,378
At end of year	860	3,370

Company

	2018 £	2017 £
At beginning of year	3,370	3,962
Charged to profit or loss	(2,510)	(592)
At end of year	860	3,370

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Accelerated capital allowances	1,907	3,578	1,907	3,578
Short term timing differences	(1,047)	(208)	(1,047)	(208)
	860	3,370	860	3,370

22. Share capital

	2018 £	2017 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
70 A Ordinary shares of £1 each	70	70
30 B Ordinary shares of £1 each	30	30
	100	100

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

23. Reserves

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

Profit & loss account
This reserves represents the cumulative profits and losses.

24. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £71,425 (2017: £59,878). As at 31 March 2018 there were contributions outstanding of £4,934 (2017: £1,223).

25. Commitments under operating leases

At 31 March 2018 the Group and the company had future minimum lease payments under noncancellable operating leases as follows:

	Group 2018 £	Company 2017 £
Not later than 1 year	26,233	12,416
Later than 1 year and not later than 5 years	34,787	12,253
	61,020	24,669

26. Related party transactions

During the current year the company repaid the £1,500,000 loan previously advanced by Network Space Developments Limited, a minority shareholder in the company. This loan was attracting interest of 7% p.a. and was due for repayment on 30 April 2027.

During the current year, Halton Borough Council granted the company a £2,000,000 loan facility repayable on 31 October 2022, attracting interest of 6.5% p.a. At 31 March 2018 a balance of £2,000,000 was recognised within other loans and interest of £55,205 has been accrued.

During the year ended 31 March 2016, Malcolm Jackson, a Director and minority shareholder in the company, granted the company a £200,000 loan facility repayable on 30 April 2028, attracting interest of 3% p.a. At 31 March 2018 a balance of £200,000 (2017: £200,000) was recognised within other loans, and interest of £6,000 (2017: £6,000) was paid in the year.

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

£230,000 (2017: £230,000) to Wire Regeneration Limited, a 50% joint venture;
£175,000 (2017: £175,000) to Parkside Regeneration LLP, a 50% joint venture; and
£300,000 (2017: £300,000) to Daresbury SIC LLP, a 50% joint venture.

At the year end, there were no balances outstanding with Daresbury SIC LLP, Wire Regeneration Limited or Parkside Regeneration LLP (2017: £Nil).

The Directors consider the key management personnel to be the Directors. The Directors remuneration is disclosed in note 7.

27. Ultimate controlling party

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

Langtree

Langtree Property Partners Limited
St James Business Centre
Wilderspool Causeway
Warrington
WA4 6PS

T. 01925 255525
e. info@langtreepp.co.uk
w. langtreepp.co.uk

Company Reg No.09245496