Langtree

REPORT AND ACCOUNTS 2015–16

Building Successful Partnerships

Contents

BUILDING A SUCCESSFUL BUSINESS

£24m
Investment at Sci-Tech Daresbury

34
Langtree team

232
Acres planned at former Parkside Colliery

1.9m
Sq ft of property under management

450
Tenants within the Langtree portfolio

£8.2m
Warrington Southern Gateway property assets

50,000
Sq ft of new development at Sci-Tech Daresbury

£130m
Total assets under management

£12m
Rent roll under management

BUILDING FOR OUR FUTURE

Chairman's Report

It is with great pleasure that I am in a position to write this first Chairman's statement for Langtree Property Partners Ltd for the year ending 2015/16. It is surprising how quickly the first year has passed and I am really pleased to be able to report that it has been an excellent first year of trading.

Tim Johnston
Chairman

The business has very rapidly developed from its inception back in June 2015 into a solid, well run and trusted company. It is a tribute to the hard work of the staff that robust operational procedures, reporting and controls are now fully embedded, and the business functions in a manner much more reflective of a mature well-established company than a new venture.

The Group was formed following the successful Management Buyout (MBO) of public sector joint ventures and management agreements from Network Space Developments Ltd. The deal was led by our Group Managing Director, John Downes and Group Finance Director, Malcolm Jackson, and then followed by the appointment to the Board of myself as Chairman, Neal Biddle as Group Development Director, Jayne Furnival as Group Property Director and Adrian Clery of Colliers International London, as a Non-Executive Director. The Board was also pleased to appoint David Brooks, formerly Industrial Director of Jones Lang LaSalle, as a consultant to the Board. Of course thanks must be given to Network Space for the opportunity and for its help and financial support through the MBO process and its continuing support as a minority shareholder in the business.

In total the Langtree team now stands at 34, including site based management staff, and comprises well-resourced and experienced property management and property development teams led by the respective Directors. Our major focus and energy during our first year of operation has been directed towards the joint venture (JV) assets we acquired in the MBO to make sure that there was a seamless transition for our joint venture partners. I am confident from the reaction that we have had from our partners that we achieved this objective and in the coming year we fully intend to build on our successful first year and continue to drive forward the objectives of the respective JVs.

A significant achievement in our first year has been the successful delivery of the major new development at Sci-Tech Daresbury, this being the Techspace project. The project was developed by Langtree on behalf of the Sci-Tech Daresbury joint venture and during the coming financial year the ownership will be transferred to the JV company. The project comprises two speculative Grade A office/laboratory buildings totalling 50,000 sq ft and lists as one of the largest speculative developments in the North West in the past year. The development was undertaken as part of a total £24m investment at Sci-Tech Daresbury in new buildings, infrastructure and public realm as part of our ongoing investment programme to make the campus into a truly 21st century science and innovation location for business.

Techspace, Sci-Tech Daresbury

"Our joint venture at Sci-Tech Daresbury is an excellent example of how the public sector and the private sector can achieve fantastic results by working together. In conjunction with the Science and Technology Facilities Council, Langtree and Halton Council have together transformed the Sci-Tech Daresbury site into a 21st century science and technology campus, attracting major new investment and occupiers to the site. Langtree's focus and drive has undoubtedly been key to the success that we've achieved so far."

David Parr
Chief Executive, Halton Council

In total the Group now manages a total of 1.9 million sq ft of property accommodating some 450 tenants in the North West, Yorkshire and the Midlands with a rent roll of some £12m.

Orbital Industry Park, Leeds

Wire Regeneration, our JV with Warrington Borough Council, has also made significant progress this year towards its aim to regenerate the Southern Gateway of the town centre. The JV already owns some £8.2m of property assets in the Gateway area, including acquisitions undertaken in the year with more planned in the coming year. The comprehensive masterplan for the Southern Gateway has now been finalised and detailed discussions are now fully underway with key partners in the Gateway area to deliver the masterplan.

Our partnership with Oldham Council for the Hollinwood regeneration scheme on Junction 22 of the M60 is now fully engaged and we hope to see development commence on the initial phase of the project by mid-2017.

Working with St Helens Council, our plans for the 232-acre former Parkside colliery site in St Helens are also now well underway and we expect to see a planning application for a first phase of logistics development in Spring 2017.

During the year we were also very pleased to see our partnership with fund manager PGIM Real Estate develop further. Langtree began with an initial contract with PGIM Real Estate to manage 23 industrial estates on its behalf owned by the John Lewis Partnership Pension Trust and we are delighted to have already added a further 9 sites to this management remit during the year. In addition, we have assisted PGIM Real Estate in the purchase of additional industrial investment assets and we are also overseeing significant redesign and refurbishment schemes of a number of the industrial investment properties in their portfolio.

Our in-house property management team provides a total property management solution both for our own investments and for our managed portfolio, including a full in-house marketing capability. In total we now manage some £130 million of assets.

Our management portfolio also includes securing the contract to manage The Base, a new speculative 40,000 sq ft office building, developed by Warrington Borough Council in the centre of Warrington's emerging Stadium Quarter. The building is particularly aimed at high growth, high-tech SME companies in the borough. In managing the building for the local authority we are also helping the authority to create a network of high-tech SME businesses that will link to the activity.

In the year we have also strengthened our development team as our portfolio of development opportunities begins to expand. Firstly we remain firmly focused on delivering the significant opportunities generated from our JV interests. In addition, building on our experience of delivering large complex regeneration development projects, we are also pleased to be attracting a range of exciting new opportunities that we will bring forward during the coming year.

"We now employ Langtree to manage a significant portfolio of commercial property on our behalf and we are delighted with their hands-on approach and attention to detail that ensures optimum performance of the properties."

Charles Crowe
Managing Director, PGIM Real Estate

The Base, Warrington

Langtree Roughians charity fundraising

In summary, I believe that 2015/16 has been an excellent first year and that we have laid down very firm foundations for the business.

We have a sound financial base and are now ready to drive forward and I am already very confident that the coming year will be even more successful. Langtree really has an excellent team of people dedicated to developing the business going forward and providing the best possible service to its partners. I would like to give my thanks for their hard work and enthusiasm which is truly infectious. We also work closely with a small group of advisors and contractors who I would also like to thank for their hard work on behalf of the business.

Finally, I would like to give my warmest thanks to our JV partners for the exceptional support that they have given the business in this first year and we all look forward to our continued partnership working with them in the future.

Tim Johnston
Chairman

The Directors and Team

BUILDING A SUCCESSFUL TEAM

1

Jayne Furnival
Group Property Director

Jayne has been employed by Langtree for over 10 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.

2

John Downes
Group Managing Director

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, Amec Regeneration with considerable experience in regeneration, public/private partnerships and managing complex multi-disciplinary developments. He is a Board member of Atlantic Gateway, Warrington & Co, Daresbury Enterprise Zone and St Helens Chamber.

3

Neal Biddle
Group Development Director

Neal is Langtree's Group Development Director with 15 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.

4

Malcolm Jackson
Group Finance Director

Malcolm is Langtree's Group Finance Director. 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 14 years' experience at Langtree, and has been involved in establishing and subsequent management of the Group's existing JV projects.

5

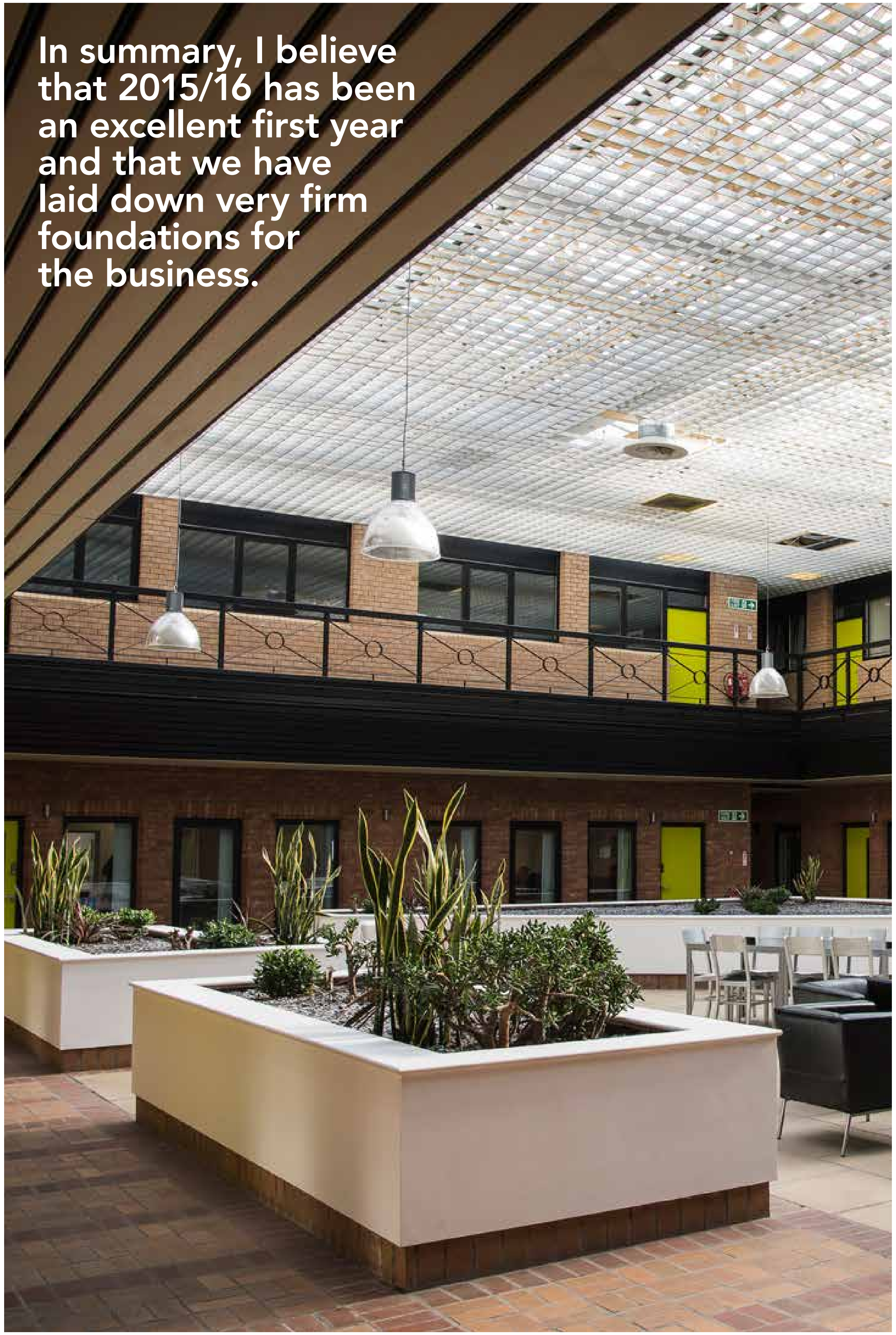
Tim Johnston
Chairman

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, the NW Urban Investment Fund and Liverpool Philharmonic. As Chairman of Langtree, Tim provides advice for the stewardship of the joint ventures, drawing on his wide public sector and development experience.

6

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 through 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.



BUILDING RESULTS

Group Strategic Report
For the year ended 31 March 2016

Introduction

The Directors present their Strategic Report for Langtree Property Partners Limited for the year ended 31 March 2016.

Business review
The Group commenced trading on 12 June 2015.

The Directors are satisfied with the financial performance of the Group in 2016. The profit for the year, after taxation, amounted to £343,058 and has been taken to reserves. The Directors do not propose the payment of a dividend for the year.

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

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

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

This report was approved by the Board on 5 October 2016 and signed on its behalf.

Mr J Downes
Director

Directors' Report
For the year ended 31 March 2016

The Directors present their report and the financial statements for the year ended 31 March 2016.

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 financial statements and then apply them consistently;

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

– prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 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.

Results and dividends

The profit for the year, after taxation, amounted to £343,058 (2015: £Nil).

No dividend has been paid or declared for the year ended 31 March 2016 (2015: £Nil).

Directors

The Directors who served during the year were:

Mr J Downes
Mr M Jackson
Mr N Biddle (appointed 12 December 2015)
Ms J Furnival (appointed 15 December 2015)
Mr T Johnston (appointed 12 June 2015)
Mr A Clery (appointed 13 July 2015)

Future developments

In the coming year we fully intend to build on our first successful year and drive forward the objectives of the respective JVs.

We are very pleased to already be attracting a range of exciting new opportunities that we intend to progress further during the coming year.

We have a sound financial base and we are now ready to drive forward, the directors are confident that the coming year will be even more successful.

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 that Director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and

– that 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.

Auditors

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

This report was approved by the board on 5 October 2016 and signed on its behalf.

Mr J Downes
Director

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

We have audited the financial statements of Langtree Property Partners Limited for the year ended 31 March 2016 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' responsibilities statement set out on page 13, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

– give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2016 and of the Group's profit for the year then ended;

– have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and

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

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

– adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or

– the parent Company financial statements are not in agreement with the accounting records and returns; or

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

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

Gareth Hitchmough
(Senior Statutory Auditor)

For and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

14 November 2016

Consolidated Profit and Loss Account
for the year ended 31 March 2016

	Note	12 months ended 31 March 2016 £	6 months ended 31 March 2015 £
Turnover		1,029,828	–
Gross profit		1,029,828	–
Administrative expenses		(624,594)	–
Operating profit	4	405,234	–
Income from participating interests		337,383	–
Interest receivable and similar income		1,580	–
Interest payable and similar charges	8	(426,397)	–
Profit before tax		317,800	–
Tax on profit on ordinary activities	9	25,258	–
Profit for the year/period		343,058	–
Profit for the year/period attributable to:			
Owners of the parent		343,058	–
Total comprehensive income for the year/period		343,058	–

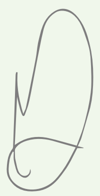
There were no recognised gains and losses for 2016 or 2015 other than those included in the consolidated profit and loss account.

The notes on pages **21 to 38** form part of these financial statements.

Consolidated Balance Sheet
as at 31 March 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	**11**		28,927		–
Investments in joint ventures	**12**		4,168,619		–
			4,197,546		–
Current assets					
Stocks	**13**	7,413,495		–	
Debtors: amounts falling due within one year	**14**	445,107		2	
Cash at bank and in hand	**15**	1,642,885		–	
		9,501,487		2	
Creditors: amounts falling due within one year	**16**	(7,958,502)		–	
Net current assets			1,542,985		2
Total assets less current liabilities			5,740,531		2
Creditors: amounts falling due after more than one year	**17**		(4,607,473)		–
Net assets			1,133,058		2
Capital and reserves					
Called up share capital	**20**		100		2
Share premium account	**21**		789,900		–
Profit and loss account	**21**		343,058		–
			1,133,058		2

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 October 2016.



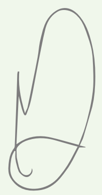
Mr J Downes
Director

The notes on pages **21 to 38** form part of these financial statements.

Company Balance Sheet
as at 31 March 2016

	Note	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	**11**		28,927		–
Investments	**12**		3,831,236		–
			3,860,163		–
Current assets					
Debtors: amounts falling due within one year	**14**	267,550		2	
Cash at bank and in hand	**15**	572,960		–	
		840,510		2	
Creditors: amounts falling due within one year	**16**	(348,666)		–	
Net current assets			491,844		2
Total assets less current liabilities			4,352,007		2
Creditors: amounts falling due after more than one year	**17**		(3,317,000)		–
Provisions for liabilities					
Deferred taxation	**19**	(3,962)		–	
			(3,962)		–
Net assets			1,031,045		2
Capital and reserves					
Called up share capital	**20**		100		2
Share premium account	**21**		789,900		–
Profit and loss account	**21**		241,045		–
			1,031,045		2

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 5 October 2016.



Mr J Downes
Director

Consolidated Statement of Changes in Equity
for the year ended 31 March 2016

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

Consolidated Statement of Changes in Equity
for the year ended 31 March 2015

	Called up share capital £	Total equity £
Total comprehensive income for the period	–	–
Shares issued during the period	2	2
At 31 March 2015	2	2

The notes on pages **21 to 38** form part of these financial statements.

Company Statement of Changes in Equity
for the year ended 31 March 2016

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

Company Statement of Changes in Equity
for the year ended 31 March 2015

	Called up share capital £	Total equity £
Total comprehensive income for the period	–	–
Shares issued during the period	2	2
Total transactions with owners	2	2
At 31 March 2015	2	2

The notes on pages **21 to 38** form part of these financial statements.

Consolidated Statement of Cash Flows
for the year ended 31 March 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	343,058	–
Adjustments for:		
Depreciation of tangible assets	453	–
Interest paid	426,397	–
Interest received	(1,580)	–
Taxation	(25,258)	–
(Increase) in stocks	(7,413,495)	–
(Increase) in debtors	(416,096)	(2)
Increase in creditors	7,954,751	–
Share of profit in joint venture	(337,383)	–
Net cash generated from operating activities	530,847	(2)
Cash flows from investing activities		
Purchase of tangible fixed assets	(29,380)	–
Purchase of share in joint ventures	(3,831,236)	–
Interest received	1,580	–
Government grants received	1,290,473	–
Net cash from investing activities	(2,568,563)	–
Cash flows from financing activities		
Issue of ordinary shares	789,998	2
Other new loans	3,317,000	–
Interest paid	(426,397)	–
Net cash used in financing activities	3,680,601	2
Cash and cash equivalents at the end of year	1,642,885	–
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,642,885	–
	1,642,885	–

Notes to the Financial Statements
for the year ended 31 March 2016

1. General information

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

The address of its registed office and principle 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 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.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

The consolidated financial statements have been presented in pounds sterling, which is deemed to be the functional currency of the Company and rounded to the nearest £.

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

The following principal accounting policies have been applied:

2.2 Transition to FRS 102

The financial statements for the year ended 31 March 2016 are the Group's first financial statements that comply with FRS 102. Note 28 describes the impact on reported profit or loss and equity from transition to FRS 102.

2.3 Basis of consolidation

The consolidated financial statements present the results of the Group 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 Balance sheet, 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 profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

2.4 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated profit and loss account includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.5 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 company has 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.

2.6 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.

All turnover is derived in the UK from the Company's principal activities. Revenue represents the rental income receivable in the period and amounts (excluding value added tax) derived from the provision of site services to customers during the period.

2.7 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.

2.7 Tangible fixed assets (continued)
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 Income Statement.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the purchase price of acquired development land and subsequent development costs.

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

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.12 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

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 Profit and Loss Account.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

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

2.13 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.

2.14 Finance costs

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

2.15 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2.16 Pensions

Defined contribution pension plan

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

Notes to the Financial Statements
for the year ended 31 March 2016

2.16 Pensions (continued)
The contributions are recognised as an expense in the Profit and loss account when they fall due.

Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Interest income

Interest income is recognised in the Profit and loss account using the effective interest method.

2.18 Borrowing costs

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet 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 Balance sheet 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 balance sheet date.

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

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

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

Significant accounting judgements

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

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

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

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

The Group has therefore determined the fair value of joint venture investments by taking account of expected future cash flows, discounted at the Group's weighted average cost of capital. Refer to note 22.

Key sources of estimation uncertainty

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

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

4. Operating profit

The operating profit is stated after charging:

	12 months ended 31 March 2016 £	6 months ended 31 March 2015 £
Depreciation of tangible fixed assets	453	–
Fees payable to the Group's auditor for the audit of the company's annual financial statements	24,500	–
Defined contribution pension cost	66,424	–

5. Auditor's remuneration

	12 months ended 31 March 2016 £	6 months ended 31 March 2015 £
Fees payable to the Group's auditor for the audit of the Group's annual accounts	9,500	–
	9,500	–
Fees payable to the Group's auditor in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	2,000	–
The audit of joint ventures of the Group	13,000	–
Other services relating to taxation	6,500	–
All other services	5,000	–
	26,500	–

6. Employees

	12 months ended 31 March 2016 £	6 months ended 31 March 2015 £
Wages and salaries	696,497	–
Social security costs	77,864	–
Cost of defined contribution scheme	66,424	–
	840,785	–
Less recharge to joint ventures	(375,620)	–
	465,165	–

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

	12 months ended 31 March 2016 No.	6 months ended 31 March 2015 No.
Administration	14	–
Senior management	3	–
	17	–
Administration staff recharged to joint ventures	10	–
	27	–

7. Directors' remuneration

	12 months ended 31 March 2016 £	6 months ended 31 March 2015 £
Directors' emoluments	198,114	–
Company contributions to defined contribution pension schemes	37,739	–
	235,853	–

During the year retirement benefits were accruing to 4 Directors (2015 – NIL) in respect of defined contribution pension schemes.

8. Interest payable and similar charges

	12 months ended 31 March 2016 £	6 months ended 31 March 2015 £
Other loan interest payable	426,397	–
	426,397	–

9. Taxation

	12 months ended 31 March 2016 £	6 months ended 31 March 2015 £
Corporation tax		
Current tax on profits for the year	3,750	–
Total current tax	3,750	–
Deferred tax		
Origination and reversal of timing differences	(29,008)	–
Total deferred tax	(29,008)	–
Taxation on (loss)/profit on ordinary activities	(25,258)	–

Notes to the Financial Statements
for the year ended 31 March 2016

9. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (2015 – the same as) the standard rate of corporation tax in the UK of 20% (2015 – 20%). The differences are explained below:

	12 months ended 31 March 2016 £	6 months ended 31 March 2015 £
Profit on ordinary activities before tax	317,800	–
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 – 20%)	63,560	–
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,610	–
Adjustments to deferred tax rate in respect of prior periods	(209)	–
Tax effect of share of results of joint ventures	(67,476)	–
Partnership losses group relief	(22,743)	–
Total tax charge for the year/period	(25,258)	–

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

10. 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 Profit and loss account in these financial statements. The profit after tax of the parent Company for the year/period was £241,045 (2015 – £NIL).

11. Tangible fixed assets

Group and Company

	Motor vehicles £	Fixtures & fittings £	Office equipment £	Total £
Cost or valuation				
Additions	5,419	19,589	4,372	29,380
At 31 March 2016	5,419	19,589	4,372	29,380
Depreciation				
Charge owned for the period	226	–	227	453
At 31 March 2016	226	–	227	453
Net book value				
At 31 March 2016	5,193	19,589	4,145	28,927
At 31 March 2015	–	–	–	–

Notes to the Financial Statements
for the year ended 31 March 2016

12. Fixed asset investments

Group

	Investment in joint ventures £
Cost or valuation	
Additions	3,831,236
Share of profit/(loss)	337,383
At 31 March 2016	4,168,619
Net book value	
At 31 March 2016	4,168,619
At 31 March 2015	–

Company

	Investments in subsidiary company and joint venture £	Investment in joint ventures £	Total £
Cost or valuation			
Additions	2,108,599	1,722,637	3,831,236
At 31 March 2016	2,108,599	1,722,637	3,831,236
Net book value			
At 31 March 2016	2,108,599	1,722,637	3,831,236
At 31 March 2015	–	–	–

13. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Work in progress	7,413,495	–	–	–
	7,413,495	–	–	–

14. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	124,444	–	124,444	–
Amounts owed by group undertakings	–	–	59,216	–
Other debtors	208,515	2	750	2
Prepayments and accrued income	83,140	–	83,140	–
Deferred taxation	29,008	–	–	–
	445,107	2	267,550	2

15. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	1,642,885	–	572,960	–
	1,642,885	–	572,960	–

Notes to the Financial Statements
for the year ended 31 March 2016

16. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade creditors	1,292,858	–	50,334	–
Amounts owed to group undertakings	–	–	54,276	–
Corporation tax	3,750	–	3,750	–
Taxation and social security	95,949	–	95,949	–
Other creditors	5,503,840	–	3,839	–
Accruals and deferred income	1,062,105	–	140,518	–
	7,958,502	–	348,666	–

Within the above Group other creditors balance is a £5.5m (2015 – £Nil) short term loan facility. The lender has registered a fixed and floating charge over the assets of Langtree Daresbury Limited. This loan was repaid in full after the year end.

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

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Other loans	3,317,000	–	3,317,000	–
Government grants received	1,290,473	–	–	–
	4,607,473	–	3,317,000	–

Other loans consist of a directors loan, totalling £200,000 (2015 – £nil) and a related party loan, totalling £3,117,000 (2015 – £Nil).
The directors loan attracts interest of 3% p.a and is repayable on 30 April 2028. The related party loan attacts interest of 7% p.a and is repayable on 30 April 2027.

18. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Financial assets measured at fair value through profit or loss	1,642,885	–	572,960	–
Financial assets that are debt instruments measured at amortised cost	332,959	2	184,410	2
	1,975,844	2	757,370	2
Financial liabilities				
Financial liabilities measured at amortised cost			(11,175,802)	(3,565,966)
			(11,175,802)	(3,565,966)

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors, prepayments and accrued income.

Financial Liabilities measured at amortised cost comprise other loans, deferred government grants,trade creditors, other creditors, accruals and deferred income.

19. Deferred taxation

Group

	2016 £
Charged to the profit or loss	29,008
At end of year	29,008

19. Deferred taxation (continued)

Company

	2016 £
Charged to the profit or loss	(3,962)
At end of year	(3,962)

	Group 2016 £	Company 2016 £
Accelerated capital allowances	(4,692)	(4,692)
Tax losses carried forward	32,970	–
Short term timing differences	730	730
	29,008	(3,962)

20. Share capital

	2016 £	2015 £
Shares classified as equity		
Authorised, allotted, called up and fully paid		
70 A Ordinary shares of £1 each	70	2
30 B Ordinary shares of £1 each	30	–
	100	2

On 12 June 2015 the Company issued a further 68 A ordinary shares of £1 nominal value. On the same date, 63 A ordinary shares were allotted to John Downes for consideration of £7,888.89 per share; and a further 7 allotted to Malcolm Jackson for consideration of £7,857.14 per share.

On 12 June 2015 the Company issued 30 B ordinary shares, of £1 nominal value, to Network Space Developments Ltd (previously Langtree Land & Property Plc), for consideration of £7,933.33 per share.

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

21. Reserves

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

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

22. Acquisitions

Acquisition of Langtree Daresbury Limited

On 12 June 2015 the Company acquired 100% share capital of Langtree Daresbury Limited, including the 50% joint venture interest in Daresbury SIC LLP, for a consideration of £2,108,599.

	Book value £	Fair value adjustment £	Fair value £
Fixed assets			
Tangible assets	6,911,158	113,308	7,024,466
	6,911,158	113,308	7,024,466
Current assets			
Debtors	20,144	–	20,144
Cash at bank and in hand	489,316	–	489,316
Total assets	7,420,618	113,308	7,533,926
Creditors			
Due within one year	(693,877)	–	(693,877)
Due within more than one year	(4,731,450)	–	(4,731,450)
Fair value of net assets	1,995,291	113,308	2,108,599
Total purchase consideration	1,995,291	113,308	2,108,599
Purchase consideration settled in cash, as above	2,108,599	–	2,108,599
Cash outflow on acquisition	2,108,599	–	2,108,599

Notes to the Financial Statements
for the year ended 31 March 2016

22. Acquisitions (continued)

The results of Langtree Daresbury Limited since its acquisition are as follows:

	Current period since acquisition 2016 £
Loss for the year/period	(55,788)
	(55,788)

Acquisition of Parkside Regeneration LLP
On 12 June 2015 the Company acquired 50% of the share capital of Parkside Regeneration LLP for a consideration of £377,364.

	Book value £	Fair value adjustment £	Fair value £
Current assets			
Stocks	1,627,543	361,254	1,988,797
Debtors	11,417	–	11,417
Cash at bank and in hand	853,782	–	853,782
Total assets	2,492,742	361,254	2,853,996
Creditors			
Due within one year	(122,712)	–	(122,712)
Due within more than one year	(2,353,920)	–	(2,353,920)
Fair value of net assets	16,110	361,254	377,364
Total purchase consideration	16,110	361,254	377,364
Purchase consideration settled in cash, as above	377,364	–	377,364
Cash outflow on acquisition	377,364	–	377,364

The results of Parkside Regeneration LLP since its acquisition are as follows:

	Current period since acquisition 2016 £
Loss for the year/period	(153,448)
	(153,448)

22. Acquisitions (continued)

Acquisition of Wire Regeneration Limited

On 12 June 2015 the Company acquired 50% of the share capital of Wire Regeneration Limited for a consideration of £1,241,116.

	Book value £	Fair value adjustment £	Fair value £
Fixed assets			
Tangible assets	3,573,306	(2,628,496)	944,810
	3,573,306	(2,628,496)	944,810
Current assets			
Stocks	463,778	–	463,778
Debtors	101,415	–	101,415
Total assets	4,138,499	(2,628,496)	1,510,003
Creditors			
Due within one year	(268,887)	–	(268,887)
Fair value of net assets	3,869,612	(2,628,496)	1,241,116
Total purchase consideration	3,869,612	(2,628,496)	1,241,116
Purchase consideration settled in cash, as above	1,241,116	–	1,241,116
Cash outflow on acquisition	1,241,116	–	1,241,116

The results of Wire Regeneration Limited since its acquisition are as follows:

	Current period since acquisition 2016 £
Profit for the year/period	311,250
	311,250

23. 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 £44,173 (2015 – £Nil). Contributions totalling £3,838 (2015 – £Nil) were payable to the fund at the balance sheet date.

Notes to the Financial Statements
for the year ended 31 March 2016

24. Commitments under operating leases

At 31 March 2016 the Group and the Company had future minimum lease payments under noncancellable operating leases as follows:

	Group 2016 £	Company 2016 £
Later than 1 year and not later than 5 years	7,164	7,164
	7,164	7,164

25. Related party transactions

During the year, Network Space Developments Limited, a minority shareholder in the Company, granted the Company a £3,117,000 loan facility repayable on 30 April 2027, attracting interest of 7% p.a. At 31 March 2016 a balance of £3,117,000 (2015 – £Nil) was recognised within other loans, and interest of £97,608 (2015 – £Nil) has been accrued.

During the year, 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 2016 a balance of £200,000 (2015 – £Nil) was recognised within other loans, and interest of £4,817 (2015 – £Nil) was paid in the year.

During the year, Network Space Developments Limited, a minority shareholder in the Company, granted Langtree Daresbury Limited a £5,500,000 short term loan facility. At 31 March 2016 a balance of £5,500,000 (2015 – £Nil) was recognised within other creditors, and an exit fee of £322,224 (2015 – £Nil) has been accrued. The loan was repaid in full after the year end.

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:

£239,795 (2015: £Nil) to Daresbury SIC LLP, a 50% joint venture;
£177,037 (2015: £Nil) to Wire Regeneration Limited, a 50% joint venture; and
£137,414 (2015: £Nil) to Parkside Regeneration 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 (2015: £Nil).

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

26. Controlling party

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

27. Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Langtree Daresbury Limited	England & Wales	Ordinary	100%	Intermediate holding company and development company

The aggregate of the share capital and reserves as at 31 March 2016 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Langtree Daresbury Limited	819,231	(235,370)
	819,231	(235,370)

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
Daresbury SIC LLP	England and Wales	Ordinary	50 %	Management and development of the Sci-Tech Daresbury Campus in the North West
Parkside Regeneration LLP	England and Wales	Ordinary	50 %	Regeneration of the former Parkside Colliery site in the North West

28. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

Langtree

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