

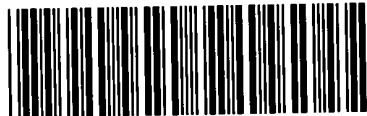
L.G.S. Investments (Holdings) Limited

Annual report and consolidated
financial statements

Registered number 2873071

30 June 2017

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Group Strategic report

The directors present their strategic report of L.G.S. Investments (Holdings) Limited for the year ended 30 June 2017.

Principal activities

The company holds an investment in L.G.S. Investments PLC. L.G.S. Investments PLC is an investment company whose only activity is to hold local authority loan instruments and to service bonds to finance them. There are £63,000,000 8.75% secured bonds issued which are listed on the London Stock Exchange. The local authority loan instruments have been pledged to Bankers Trustee Company Limited as security for the bonds.

Principal risks and uncertainties

Financial risks

The financial risks of the subsidiary Company were addressed by the directors when the company set up its financial agreements. The subsidiary company's financial receivables are loans from local authorities and its financial payables are issued bonds. The financial liabilities are matched by the same amount of financial assets. The interest rates are fixed eliminating interest rate risks.

Professional services fees have been set at a fixed amount within the corporate services agreement which enables the results of the Company to be stabilised over the life of the bonds.

Review of the business

The results for the year and the Company's financial position at the end of the year are shown in the attached financial statements. The Group made a loss of £5,460 after taxation (2016: £8,760) during the year. The Group had net current assets of £54,843 as at 30 June 2017 (2016: £60,409).

Policy and practice on payment of creditors

It is the Group's policy that payments made to suppliers are made in accordance with those terms and conditions agreed between the Group and its suppliers. The Group owed no amounts to trade creditors at 30 June 2017 (2016: £nil).

Going concern

The financial statements have been prepared on a going concern basis which assumes the Group will continue in operations existence for the foreseeable future.

The directors have reviewed the future forecasts and have confirmed that adequate financing is available to enable the Group to meet its liabilities as they fall due.

By order of the board



Mr A Demosthenous
Wilmington Trust SP Services (London) Limited
Director

Third Floor
1 King's Arms Yard
London
EC2R 7AF
01 December 2017

Group Directors' report

The directors present their report and audited financial statements of L.G.S. Investments (Holdings) Limited for the year ended 30 June 2017 with comparative information for the year ended 30 June 2016.

Directors

The following directors held office during the period:

Wilmington Trust SP Services (London) Limited

Mr M H Filer (resigned 11 April 2017)

Mrs M Clarke-Whelan

Mr D J Wynne (appointed 27 March 2017)

None of the Directors has any beneficial interest in the ordinary share capital of the Company. None of the Directors had any interest either during or at the end of the year in any material contract or arrangement with the Company.

Corporate governance statement

The Directors are responsible for internal controls at the Group and for reviewing their effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatements, errors, losses or fraud. The procedures enable the Group to comply with the regulatory obligations.

Dividends

The directors do not recommend the payment of a dividend (2016: £nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in the office.



Mr A Demosthenous
Wilmington Trust SP Services (London) Limited
Director

Third Floor
1 King's Arms Yard
London
EC2R 7AF
01 December 2017

Company no. 2873071

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

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

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group and parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine what is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

Independent auditor's report to the members of L.G.S. Investments (Holdings) Limited

1 Our opinion is unmodified

We have audited the financial statements of L.G.S. Investments (Holdings) Limited ("the Company") for the year ended 30 June 2017 which comprise consolidated profit and loss, consolidated balance sheet, company balance sheet, statement of changes in equity, consolidated cash flow statement, and the related notes, including the accounting policies in note.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2017 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Board of Directors.

We were appointed as auditor by the directors on 8 December 2009. The period of total uninterrupted engagement is for the 7 financial years ended 30 June 2017. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above on the financial statements, the risks of material misstatement that had the greatest effect on our audit are set out below. Our key procedures to address those risks are also set out below.

Independent Auditor's report to the members of L.G.S. Investments (Holdings) Limited
(continued)

Risk	Procedure type
Valuation of Investment	<p>Agree outstanding loan nominal value and investment discount to third party bank letter.</p> <p>Consider the impairment indicator by comparing the latest audited financial statement of the Company's investment in the unlisted debt of six municipalities to the Company investment balance.</p>

Balance of investment is £62,773,896 (2016: £62,707,916).

The results of our testing were satisfactory and we considered the amount of investment recognised to be acceptable.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at £635,000 (2016: £1,269,000), determined with reference to a benchmark of total assets of wholly owned Subsidiary (of which it represents 1% (2016: 2%)).

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Independent Auditor's report to the members of L.G.S. Investments (Holdings) Limited *(continued)*

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

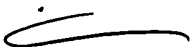
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities, or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

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 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.



Peter Hine (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
E14 5GL

6 December 2017

Consolidated profit and loss account and other comprehensive income
for the year ended 30 June 2017

	<i>Note</i>	2017 £	2016 £
Income from fixed asset investments	5	5,600,530	5,595,120
Interest payable and similar charged on bonds in issue	6	(5,578,374)	(5,572,993)
		<u>22,156</u>	<u>22,127</u>
Administrative expenses		(27,669)	(30,962)
Operating loss		(5,513)	(8,835)
Other interest receivable and similar income	7	53	75
		<u>(5,460)</u>	<u>(8,760)</u>
Loss before taxation	3	(5,460)	(8,760)
Tax on loss	8	-	-
		<u>(5,460)</u>	<u>(8,760)</u>
Loss for the financial year		(5,460)	(8,760)
		<u>(5,460)</u>	<u>(8,760)</u>
Total comprehensive loss for the year		(5,460)	(8,760)
		<u>(5,460)</u>	<u>(8,760)</u>

The Notes on pages 12 to 19 form part of these financial statements.

Consolidated balance sheet
at 30 June 2017

	<i>Note</i>	2017		2016	
		£	£	£	£
Fixed assets					
Investments	<i>9</i>		62,773,896		62,707,916
Current assets					
Debtors	<i>10</i>	606,971		607,847	
Cash at bank and in hand		77,440		92,533	
		684,411		700,380	
Creditors: amounts falling due within one year	<i>11</i>	(629,568)		(639,971)	
Net current assets			54,843		60,409
Total assets less current liabilities			62,828,739		62,768,325
Creditors: amounts falling due after more than one year	<i>12</i>		(62,774,405)		(62,708,531)
Net assets			54,334		59,794
Capital and reserves					
Called up share capital	<i>13</i>		1		1
Profit and loss account			54,333		59,793
Shareholders' funds			54,334		59,794

The Notes on 12 to 19 form part of these Financial Statements.

These financial statements of L.G.S. Investments (Holdings) Limited, company registration number 02873071, were approved by the board of directors on 01 December 2017 and were signed on its behalf by:



Mr A Demosthenous
 On behalf of:
Wilmington Trust SP Services (London) Limited
 Director

Company balance sheet
at 30 June 2017

	<i>Note</i>	2017		2016	
		£	£	£	£
Fixed assets					
Investments	9		50,000		50,000
Current assets					
Debtors	10	1		1	
		<u>1</u>		<u>1</u>	
Creditors: amounts falling due within one year					
	11	(50,000)		(50,000)	
		<u>(50,000)</u>		<u>(50,000)</u>	
Net current liabilities			(49,999)		(49,999)
			<u>(49,999)</u>		<u>(49,999)</u>
Total assets less current liabilities			1		1
			<u>1</u>		<u>1</u>
Net assets			1		1
			<u>1</u>		<u>1</u>
Capital and reserves					
Called up share capital	13		1		1
			<u>1</u>		<u>1</u>
Shareholders' equity			1		1
			<u>1</u>		<u>1</u>

The Notes on pages 12 to 19 form part of these Financial Statements.

There were no movements in the Company shareholders' funds during the year.

These financial statements of L.G.S. Investments (Holdings) Limited, company registration number 02873071, were approved by the board of directors on 01 December 2017 and were signed on its behalf by:



Mr A Demosthenous
 On behalf of:
Wilmington Trust SP Services (London) Limited
Director

Statement of changes in equity
for the year ended 30 June 2017

Group	Called up Share capital	Retained earnings	Total
	£	£	£
Balance as at 1 July 2015	1	68,553	68,554
Loss for the year ended 2016	-	(8,760)	(8,760)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(8,760)	(8,760)
Balance as at 30 June 2016	<u>1</u>	<u>59,793</u>	<u>59,794</u>
Balance as at 1 July 2016	1	59,793	59,794
Loss for the year ended 2017	-	(5,460)	(5,460)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(5,460)	(5,460)
Balance as at 30 June 2017	<u>1</u>	<u>54,333</u>	<u>54,334</u>
Company	Called up Share capital	Retained earnings	Total
	£	£	£
Balance as at 1 July 2015	1	-	1
Loss for the year ended 2016	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Balance as at 30 June 2016	<u>1</u>	<u>1</u>	<u>1</u>
Balance as at 1 July 2016	1	-	1
Loss for the year ended 2017	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Balance as at 30 June 2017	<u>1</u>	<u>-</u>	<u>1</u>

The Notes on pages 12 to 19 form part of these financial statements.

Consolidated cash flow statement
for the year ended 30 June 2017

	2017	2016
	£	£
Cash flows from operating activities		
Loss on ordinary activities after tax	(5,460)	(8,760)
Adjustments to reconcile profit to net cash flows from operating activities:		
Amortisation of discount on debt securities issued	65,874	60,493
Amortisation of discount of debt securities purchased	(65,980)	(60,570)
Decrease/(increase) in debtors	876	(963)
(Decrease)/increase in creditors	(10,403)	14,206
	<hr/>	<hr/>
Net cash (outflow)/inflow from operating activities	(15,093)	4,406
	<hr/>	<hr/>
Net (Decrease)/increase in cash and cash equivalents	(15,093)	4,406
Cash and cash equivalents at 01 July	92,533	88,127
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	77,440	92,533
	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Significant accounting policies

L.G.S. Investments (Holdings) Limited is a limited company incorporated and domiciled in the United Kingdom with registered number 02873071 and has its registered office at 1 King's Arms Yard, London, EC2R 7AF.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Statement of compliance

The Company's financial statements have been prepared in compliance with FRS 102.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The functional currency of these financial statements is sterling. The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 June 2017. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary are included in the consolidated profit and loss account for the year.

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

Investments

Investments are recorded at cost, plus or minus an accrued premium or discount on acquisition which is amortised to generate a constant yield to maturity.

Debt securities issued

Debt securities are recorded at cost, plus or minus an accrued premium or discount on issue which is amortised to generate a constant yield to maturity.

Notes *(continued)*

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, [associates, branch, joint ventures] to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents comprise deposits in the Group's bank accounts.

Other payables

Other payables are stated at cost.

Going concern

The financial statements have been prepared on a going concern basis which assumes the Group will continue in operational existence for the foreseeable future.

The directors have reviewed the future forecasts and have confirmed that adequate financing is available to enable the Group to meet its liabilities as they fall due.

2 Staff numbers and costs

The company and its subsidiary had no employees during the year *(2016: nil)*.

3 Loss on ordinary activities before taxation

	2017	2016
	£	£
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditor's remuneration:		
Audit of these financial statements	9,600	9,600
Amounts receivable by the auditor and their associates in respect of:		
Other services relating to taxation	-	4,740
	<u> </u>	<u> </u>

Notes (continued)

4 Remuneration of directors

Wilmington Trust SP Services (London) Limited, a director of the Company and its subsidiary, received £10,792 (2016: £10,935) in the year for professional services provided on normal commercial terms. None of the other directors received remuneration for their services to the group

5 Income from fixed asset investments

	2017 £	2016 £
Unlisted	5,534,550	5,534,550
Amortised discount	65,980	60,570
	5,600,530	5,595,120
	5,600,530	5,595,120

6 Interest payable and similar charges on bonds in issue

	2017 £	2016 £
Interest paid on bonds in issue	5,512,500	5,512,500
Amortised discount	65,874	60,493
	5,578,374	5,572,993
	5,578,374	5,572,993

7 Other interest receivable and similar income

	2017 £	2016 £
Bank interest received	53	75
	53	75

Notes (continued)

8 Taxation

	2017	2016
	£	£
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Underprovision of prior year's charge	-	-
	<hr/>	<hr/>
Tax on loss on ordinary activities	-	-
	<hr/> <hr/>	<hr/> <hr/>

The tax charge for the period is higher (2016: higher) than the standard rate of corporation tax in the UK (20%, 2016: 20%). The differences are explained below.

	2017	2016
	£	£
<i>Current tax reconciliation</i>		
Loss on ordinary activities before taxation	(5,460)	(8,760)
	<hr/>	<hr/>
Current tax charge at 20% (2016: 20%)	(1,092)	(1,752)
Trading losses carried forward	1,092	1,752
	<hr/>	<hr/>
Current tax charge	-	-
	<hr/> <hr/>	<hr/> <hr/>

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. A further reduction to the UK corporation tax rate was substantively enacted on 6 September 2016 to further reduce the tax rate to 17% (to be effective from 1 April 2020). This will reduce the company's future current tax charge accordingly.

Trading losses carried forward of £28,853 (2016: £34,313) give rise to a deferred tax asset of £5,771 (2016: £6,176). The deferred tax asset at 30th June 2017 has been calculated based on the rate of 20% substantively enacted at the balance sheet date. This asset has not been recognised as it is uncertain that the Company will generate sufficient future trading profits against which to offset the losses carried forward.

An additional reduction to 17% (effective from 1 April 2020) will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 30 June 2017 accordingly. As at 30 June 2017, there are no tax-related contingent assets or contingent liabilities in accordance with FRS 102 Section 21.

Notes (continued)

9 Fixed asset investments

Group	£
Cost	
At beginning and end of the year	62,092,800
<hr/>	
Amortised discount	
At the beginning of the year	615,116
Amortised discount for the year	65,980
<hr/>	
At end of the year	681,096
<hr/>	
Net book value	
At 30 June 2017	62,773,896
<hr/>	
At 30 June 2016	62,707,916

The fixed asset investment comprises unlisted debt securities in the form of local authority loan instruments, all with an interest rate of 8.785%, inclusive of management charges of 0.035%, redeemable on 22 May 2020. All of these instruments have been pledged to Bankers Trustee Company Limited as security for bonds issued by the Company.

Company

	£
Cost	
At beginning and end of the year	50,000

The Company's fixed asset investment consists of the entire share capital of its wholly owned subsidiary, L.G.S. Investments PLC which is registered at Third Floor, 1King's Arms Yard, London EC2R 7AF.

	Country of incorporation	Principal activity	Percentage of shares held	Class of shares held
L.G.S. Investments PLC	England and Wales	Investment company	100%	£1 Ordinary

Notes (continued)

10	Debtors		
	Group	2017	2016
		£	£
	Prepayments and accrued income	606,970	607,846
	Called up share capital not paid	<u>1</u>	<u>1</u>
		<u>606,971</u>	<u>607,847</u>
		=====	=====
	All debtors are due within one year.		
	Company	2017	2016
		£	£
	Called up share capital not paid	<u>1</u>	<u>1</u>
		<u>1</u>	<u>1</u>
		=====	=====
	All debtors are due within one year.		
 11	Creditors: amounts falling due within one year		
	Group	2017	2016
		£	£
	Accruals and deferred income	629,568	639,971
		<u>629,568</u>	<u>639,971</u>
		=====	=====
	Company	2017	2016
		£	£
	Amounts owed to subsidiary undertaking	50,000	50,000
		<u>50,000</u>	<u>50,000</u>
		=====	=====

Notes (continued)

12 Creditors: amounts falling due after more than one year

Group	2017	2016
	£	£
Bond in issue at cost at start of year	62,092,800	62,092,800
Amortised discount	681,605	615,731
	<u>62,774,405</u>	<u>62,708,531</u>
	<u><u>62,774,405</u></u>	<u><u>62,708,531</u></u>
Repayment analysis	2017	2016
	£	£
Amounts repayable, other than by instalments, between one and five years	62,774,405	62,708,531
	<u>62,774,405</u>	<u>62,708,531</u>
	<u><u>62,774,405</u></u>	<u><u>62,708,531</u></u>

The bonds, which are redeemable by 22 May 2020, have a nominal value of £63,000,000 and bear interest at 8.75% per annum.

The unlisted debt securities in the form of local authority loan instruments held by the Company have been pledged to Bankers Trustee Company Limited as security for the above issued bonds.

13 Called up share capital

	2017	2016
	£	£
<i>Allotted, called up and not paid</i>		
1 Ordinary share of £1 each	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

Notes (continued)

14 Financial Instruments

The Company's financial instruments comprise local authority loans, bonds, cash balances, debtors and creditors, which arise directly from its operations. It is, and has been throughout the year, the Company's policy that no trading in financial instruments is undertaken.

Categories of financial instruments

	2017	2016
Financial assets	£	£
Loans and receivables including cash at bank	<u>62,851,336</u>	<u>62,800,449</u>
Financial liabilities		
Loan notes	<u>62,774,405</u>	<u>62,708,531</u>

The Board reviews and agrees policies for managing risks which are noted below.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any external capital requirements except for the minimum requirement under the Companies Act 2006. The Company has not breached the minimum requirement. The capital held is shown on the statements of financial position under equity.

Liquidity risk

The Company's policy is to maintain a strong liquidity position and to manage the liquidity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations are met when due.

15 Related party transactions

The Group is controlled by Wilmington Trust SP Services (London) Limited, a director of the Company and its subsidiary. No director received any remuneration other than Wilmington Trust SP Services (London) Limited which receives a fee for the provision of corporate services under the terms of a corporate services agreement. Under the terms of the agreement, Wilmington Trust SP Services (London) Limited is entitled to receive annual fees of £9,000 (2016: £9,000).

Included within the Groups profit and loss account are corporate services fees plus expenses and value added tax charged by Wilmington Trust SP Services (London) Limited totalling £10,792 (2016: £10,935).

At 30 June 2017, an amount of £6,300 (2016: £6,356) relating to corporate services fees were outstanding and are included within Group Creditors: amounts falling due within one year.

16 Ultimate parent undertaking

The entire share capital of L.G.S. Investments (Holdings) Limited is held by Wilmington Trust SP Services (London) Limited under the terms of a trust declared ultimately for charitable purposes. The results of the L.G.S. Investments (Holdings) Group Limited are not consolidated into the financial statements of any larger groups.

The ultimate controlling party is Wilmington Trust SP Services (London) Limited, Third Floor, 1 King's Arms Yard, London EC2R 7AF as trustee.

17 Subsequent events

There have been no subsequent events.