

Registered Number 09578417



LEGAL & GENERAL (STRATEGIC LAND) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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LEGAL & GENERAL (STRATEGIC LAND) LIMITED

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Registered office:
One Coleman Street
London EC2R 5AA

Registered in England and Wales, Number 09578417

LEGAL & GENERAL (STRATEGIC LAND) LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for Legal & General (Strategic Land) Limited ("the Company") for the year ended 31 December 2018.

Principal activities

The Company is a holding company for land assets. Considering the nature of the Company's activities, it expects to continue carrying out these activities in the future.

The Company is incorporated in England & Wales but domiciled in the United Kingdom.

Review of the business

The Company was incorporated on 7 May 2015 to invest in land and currently holds five land assets.

The Company made an additional investment of £53 million into its subsidiary.

The Company's strategy is to add value through planning and infrastructure with synergies for the Legal & General Group Plc's ("the Group") wider business by establishing a land bank for other parts of the Group. It seeks opportunities to acquire land and create JVs with landowners and the public sector to create medium term land diversity in land bank alongside the existing, predominantly long term, portfolio.

Principal risks and uncertainties

The Directors of the Group manage the group's risk at a group level, rather than at an individual business unit level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which includes those of the Company, are discussed in the Strategic Report of the Group's annual report, which does not form part of this report.

The Company has amounts payable to Group undertakings. The liquidity in the Company is monitored and actively managed at the Parent company level to ensure it is able to meet its obligations to mitigate potential liquidity risks.

The Company has made investments in assets that are engaged in land acquisitions and is exposed to the operational risks associated with this activity. The Company seeks to mitigate these risks by partnering with management teams with appropriate technical skills and experience in this sector.

The Company is also affected by market risk, as this could cause losses due to factors that affect the overall land values. These are monitored by getting regular valuations carried out by external experts and mitigated by holding a geographically diversified portfolio.

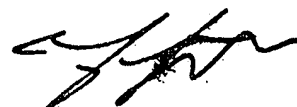
Additionally the Directors have considered the impact of the UK's anticipated exit from the European Union, particularly in relation to land values and property demand, and do not believe there will be a material impact on the Company's operations.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the Company's Directors are of the opinion that an analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

By order of the Board

Jasan Fitzpatrick
For and on behalf of Legal & General Co Sec Limited
Company Secretary
11 July 2019



LEGAL & GENERAL (STRATEGIC LAND) LIMITED

DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2018.

Directorate

The Directors of the Company, who were in office during the year and up to the date of signing the financial statements are shown below:

J.R. Lidgate
L.R. Aitchison
C.M. Jewel-Clark

Directors' Indemnities and Insurance

The Group maintains an appropriate level of Directors' and Officers' liability insurance which is reviewed annually. As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Independent auditor

KPMG LLP has been appointed as auditor commencing and will be deemed to be reappointed as auditor pursuant to Section 489 of the Companies Act 2006.

There is no requirement under the Companies Act or the Company's articles of association to hold an Annual General Meeting or lay the Company's Report and financial statements before the shareholders.

Results for the year and dividend

The results of the Company are set out on page 9. The Directors do not recommend the payment of a final dividend (2017: nil). At December 2018, the Company had net assets of £68 million (2017: £6 million).

Likely future developments

The Directors continually assess the long term strategy of the Company to ensure it can adapt to changing market conditions, changes in regulations and changes in client and operational demands. When assessing and setting the Company's long term strategy, the directors take into consideration client, regulator and legal requirements, its shareholders and other stakeholders.

The Directors are considering other land assets that would be a natural fit within this company and expect to acquire more assets in the coming year.

LEGAL & GENERAL (STRATEGIC LAND) LIMITED

DIRECTORS' REPORT (CONTINUED)

Going concern

Notwithstanding net current liabilities of £0.264 million as at 31 December 2018, a loss for the year then ended of £0.263 million, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its intermediate parent company, Legal & General Capital Investments Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Legal & General Capital Investments Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2018 amounted to £0.264 million, and providing additional financial support during that period. Legal & General Capital Investments Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 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 Company or to cease operations, or have no realistic alternative but to do so.

DIRECTORS' REPORT (CONTINUED)

Statement of Directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements (continued)

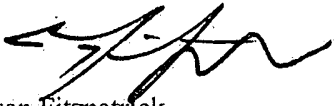
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to the auditor

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

By order of the Board



Jason Fitzpatrick

For and on behalf of Legal & General Co Sec Limited

Company Secretary

11 July 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEGAL & GENERAL (STRATEGIC LAND) LIMITED

Opinion

We have audited the financial statements of Legal & General (Strategic Land) Limited (“the Company”) for the year ended 31 December 2018 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company’s affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the Directors, such as the fair value of investment property and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

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 a year from the date of approval of the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEGAL & GENERAL
(STRATEGIC LAND) LIMITED**

Going concern (continued)

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model, including the impact of Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Other information

The Directors are responsible for the other information, which comprises the strategic report and the Directors' report. 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;
- in our opinion the information given in the strategic report and the Directors' report for the financial year is consistent with the financial statements; and
- in our opinion these reports have been prepared in accordance with the Companies Act 2006.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit;

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4 and 5, the Directors are responsible for: the preparation of the financial statements and for 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 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 Company or to cease operations, or have no realistic alternative but to do so.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEGAL & GENERAL
(STRATEGIC LAND) LIMITED**

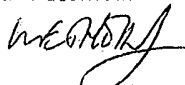
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud 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 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.

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

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 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.



Bill Holland (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
11 July 2019

LEGAL & GENERAL (STRATEGIC LAND) LIMITED
INCOME STATEMENT

For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Net property income	3	15	30
Gain on investment	4	-	3,920
Administrative expenses	2	(335)	(518)
Operating (loss)/profit		<u>(320)</u>	<u>3,432</u>
(Loss)/profit before income tax		<u>(320)</u>	<u>3,432</u>
Tax income/(expense)	9	57	(449)
(Loss)/profit for the financial year	14	<u>(263)</u>	<u>2,983</u>

There was no other comprehensive income in the year so no statement of other comprehensive income is presented.

The notes on pages 12 to 19 form an integral part of these financial statements.


LEGAL & GENERAL (STRATEGIC LAND) LIMITED
BALANCE SHEET

As at 31 December 2018

	Note	2018 £'000	2017 £'000
Assets			
Non-current assets			
Investments in subsidiaries	7	53,335	-
Investment property	8	15,846	15,846
Current assets			
Current tax asset	11	57	94
Debtors	11	13	-
Total assets		<u>69,251</u>	<u>15,940</u>
Liabilities			
Non-current liabilities			
Deferred tax liability	10	(608)	(608)
Current liabilities			
Trade and other payables	12	(334)	(9,284)
Total liabilities		<u>(942)</u>	<u>(9,893)</u>
Net assets		<u>68,309</u>	<u>6,048</u>
Equity			
Ordinary shares	13	-	-
Share premium	13	53,335	-
Other reserves	14	12,239	3,050
Retained earnings	14	2,735	2,998
Total equity		<u>68,309</u>	<u>6,048</u>

The notes on pages 12 to 19 form an integral part of these financial statements.

The financial statements on pages 9 to 19 were approved by the Board of Directors on 11 July 2019 and signed on its behalf by



C. Jewel-Clark
 Director

Registered Office:
 One Coleman Street
 London EC2R 5AA
 Registered in England & Wales No. 09578417

LEGAL & GENERAL (STRATEGIC LAND) LIMITED
STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

For the year ended 31 December 2018	Called up share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
As at 1 January 2018	-	-	3,050	2,998	6,048
Loss for the financial year	-	-	-	(263)	(263)
Total comprehensive loss for the year	-	-	-	(263)	(263)
Capital contributions received	-	-	9,189	-	9,189
Proceeds from shares issued	-	53,335	-	-	53,335
As at 31 December 2018	-	53,335	12,239	2,735	68,309

	Called up share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
As at 1 January 2017	-	-	3,050	14	3,064
Profit for the financial year	-	-	-	2,983	2,983
Total comprehensive income for the year	-	-	-	2,983	2,983
As at 31 December 2017	-	-	3,050	2,998	6,048

The notes on pages 12 to 19 form an integral part of these financial statements.

LEGAL & GENERAL (STRATEGIC LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The principal accounting policies are set out below and have been applied consistently throughout the year.

(a) Basis of preparation

The financial statements of Legal & General (Strategic Land) Limited have been prepared in accordance with The Companies Act 2006, as applicable to companies using Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS101).

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS101:

- IFRS 7, 'Financial Statements: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows)
 - 16 (a statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B-D (additional comparative information),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures)
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

(b) Critical accounting estimates and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The land bank assets held by the Company are valued by external valuers on a regular basis and the Company relies on their expertise for these valuations.

Deferred tax is calculated on differences between the accounting value of assets and liabilities and their respective tax values. Deferred tax is also recognised in respect of unused tax losses to the extent it is probable that future taxable profits will arise against which the losses can be utilised.

LEGAL & GENERAL (STRATEGIC LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Accounting policies (continued)

(c) Property income and expenses

The Company's property income comprises rental income and other recoveries from tenants, including service charges, of its investment properties. Property income is recognised on an accruals basis. Rental income received in advance is deferred and recognised as income in the year to which it relates.

Property expenses consist of property out goings directly attributable to investment properties. Property expenses are recognised on an accruals basis.

(d) Investments

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Investment land/properties:

Land is shown at fair value, based on valuations by external independent valuers. Revaluations are reported through the income statement.

Investment properties are initially measured at cost, including the purchase price and any directly attributable expenditure such as legal and brokerage fees, property transfer taxes and other transaction costs as well as borrowing costs that meet the criteria for capitalisation.

Subsequent measurement is at fair value based on latest professional valuation.

Investment properties are treated as acquired at the point the entity assumes the significant risks and returns of ownership and as disposed when the significant risks and returns of ownership are transferred to the buyer. This generally occurs on unconditional exchange or on completion if this is expected to occur significantly after exchange or the entity has significant outstanding obligations between exchange and completion. Additions to properties consist of a capital nature.

(e) Going concern

Notwithstanding net current liabilities of £0.264 million as at 31 December 2018, a loss for the year then ended of £0.263 million, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds, through funding from its intermediate parent company, Legal & General Capital Investments Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Legal & General Capital Investments Limited not seeking repayment of the amounts currently due to the group, which at 31 December 2018 amounted to £0.264 million, and providing additional financial support during that period. Legal & General Capital Investments Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

LEGAL & GENERAL (STRATEGIC LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(e) **Going concern**

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

(f) **Tax**

Current tax

Current tax comprises tax payable on current period profits, adjusted for non-tax deductible or non-taxable items, and any adjustments to tax payable in respect of previous years. Current tax is recognised in the income statement unless it relates to items which are recognised in other comprehensive income.

Deferred tax

Deferred tax is calculated on differences between the accounting value of assets and liabilities and their respective tax values. Deferred tax is also recognised in respect of unused tax losses to the extent it is probable that future taxable profits will arise against which the losses can be utilised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity.

(g) **Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. These are classified within creditors falling due within one year if payment is due within one year or less. If not, they are presented as within creditors falling due in greater than one year. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(h) **Consolidation**

The Company is a wholly owned subsidiary of Legal & General Capital Investments Limited and of its ultimate parent, Legal & General Group Plc. It is included in the consolidated financial statements of Legal and General Group Plc, which are publically available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

2 Audit fees

Audit fees of £11,000 (2017: £10,742) are attributable to the Company.

3 Net property income

The Company's property income comprises rental income and other recoveries from tenants, including service charges, of its investment property.

	2018 £'000	2017 £'000
Rents received less property expenses	<u>15</u>	<u>30</u>

LEGAL & GENERAL (STRATEGIC LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Gain on investment

	2018 £'000	2017 £'000
Gain on disposal	-	94
Unrealised gain on investment property	-	3,826
	<u>-</u>	<u>3,920</u>

5 Directors' emoluments

The Company has three Directors as at 31 December 2018.

During 2018, no fees were paid by the Company to the Directors. Emoluments relate to salaries, performance bonuses receivable, and amounts receivable under long term incentive schemes. No retirement benefits are accruing to the Directors under the defined benefit scheme.

For the year ended 31 December 2018, no incremental emoluments were paid to any Director, nor were any incremental pension contributions paid in respect of services to the Company. The Directors and key management of the Company had no material transactions with the Company or any other group undertakings that are required to be disclosed.

During 2018 the Company elected to take advantage of exemptions under FRS101 for a qualifying entity and under the Companies Act of 2006 to not make an emolument disclosure or any key management compensation. As such, no emoluments were received by any Directors in relation to qualifying services provided to the Company nor were any direct pension contributions paid.

6 Pensions

The Company has no direct employees and hence makes no contributions towards retirement benefits (2017: nil).

7 Investments in subsidiaries

	Shares in group undertakings £'000	Total £'000
As at 1 January 2018	-	-
Acquisitions	53,335	53,335
As at 31 December 2018	<u>53,335</u>	<u>53,335</u>

The Directors believe that the carrying value of the investments is supported by the underlying realisable values of their subsidiaries.

LEGAL & GENERAL (STRATEGIC LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Investments in subsidiaries (continued)

The undertaking of the Company is listed below. The undertaking operates mainly in its country of incorporation and has only one class of issued ordinary shares. The registered office of the undertaking is One Coleman Street, London, EC2R 5AA.

	%	Nature of	Incorporated in
	holding	business	
Subsidiaries held directly by the Company			
Legal & General (Strategic Land North Horsham) Limited	100%	Investment property company	England and Wales

8 Investment property

	Investment in property	Total
	£'000	£'000
As at 1 January 2018	15,846	15,846
Acquisitions/(Disposals)	-	-
As at 31 December 2018	15,846	15,846
As at 1 January 2017	12,046	12,046
Disposals	(26)	(26)
Fair value gain	3,826	3,826
As at 31 December 2017	15,846	15,846

9 Tax on (loss)/profit on ordinary activities

	2018	2017
	£'000	£'000
<u>Current tax</u>		
UK Corporation tax at 19% (2017: 19.25%)		
Current tax for the year	(61)	(94)
Adjustments in respect of prior years	4	-
Total current tax credit	(57)	(94)
Tax credit on profit/(loss) on ordinary activities	(57)	(94)
<u>Deferred tax</u>		
- Movement in temporary differences	-	615
- Impact of reduction in UK corporate tax rate to 17% (2017: 17%) on deferred tax balances	-	(72)
Total deferred tax (credit)/charge	-	543
Total tax (credit)/charge on (loss)/profit on ordinary activities	(57)	449

LEGAL & GENERAL (STRATEGIC LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Tax on (loss)/profit on ordinary activities (continued)

Tax (credit)/charge for the year is lower (2017: lower) than the standard rate of Corporation Tax in the UK for the year ended 31 December 2018 of 19%. The differences are explained below:

	2018 £'000	2017 £'000
(Loss)/profit on ordinary activities before tax	<u>(320)</u>	<u>3,432</u>
Tax calculated at the standard UK Corporation Tax rate of 19% (2017: 19.25%)	(61)	661
Effects of:		
Differences between taxable and accounting investment gains/losses (Deferred tax)	-	(140)
Impact of reduction in UK corporate tax rate to 17% (2017: 17%) on deferred tax balances	-	(72)
Adjustments in respect of prior year current tax	<u>4</u>	
Total tax (credit)/charge	<u>(57)</u>	<u>449</u>

Factors which may affect future tax charges

Following the 2016 Finance Act, the rate of Corporation Tax is expected to reduce progressively to 17% by 1 April 2020. The 19% rate applied from 1st April and the 17% rate from 1st April 2020 onwards. The enacted rates of 19% or 17% have been used in the calculation of UK's deferred tax assets and liabilities, depending on which is the rate of corporation tax that is expected to apply when the differences as mentioned above reverse.

To calculate the current tax on profits, the rate of tax used is 19% (2017: 19.25%), which is the average rate of Corporation Tax applicable for the year.

The Company has no unprovided deferred tax assets or liabilities as at 31 December 2018 (2017: £nil).

10 Deferred tax liability

Deferred tax assets and liabilities have been recognised for temporary differences and unused tax losses. The recognition of deferred tax asset in respect of tax losses has been based on management projections to support the availability of taxable profits to absorb the losses in future years. Deferred tax assets and liabilities have been offset to the extent it is permissible under the accounting standard.

LEGAL & GENERAL (STRATEGIC LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Deferred tax liability (continued)

The net movement in deferred tax liabilities during the year is as follows:

	Net tax liabilities as at 1 January 2018	Tax charged to the income statement	Net tax liabilities as 31 December 2018
	£'000	£'000	£'000
Unrealised gains on investments	(608)	-	(608)
	<u>(608)</u>	<u>-</u>	<u>(608)</u>

	Net tax liabilities as at 1 January 2017	Tax charged to the income statement	Net tax liabilities as 31 December 2017
	£'000	£'000	£'000
Unrealised gains on investments	(65)	(543)	(608)
	<u>(65)</u>	<u>(543)</u>	<u>(608)</u>

11 Current assets

	2018 £'000	2017 £'000
Debtors	13	-
Corporation tax recoverable	57	94
	<u>70</u>	<u>94</u>

12 Current liabilities

	2018 £'000	2017 £'000
Amounts payable to Group undertakings	(334)	(9,284)
	<u>(334)</u>	<u>(9,284)</u>

The above are payable to Group undertakings, are repayable on demand and attract no interest.

13 Called up share capital

	2018 £'000	2017 £'000
Issued and fully paid: 101 ordinary share of:£1 each	-	-
Share premium	53,335	-
	<u>53,335</u>	<u>-</u>

On 31. December 2018, 1 ordinary share was issued with a share premium of £53,334,928.

LEGAL & GENERAL (STRATEGIC LAND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Movements in reserves

	Other reserves 2018 £'000	Retained earnings 2018 £'000	Other reserves 2017 £'000	Retained earnings 2017 £'000
(Loss)/profit for the financial year	-	(263)	-	2,983
Receipt of capital contribution from the parent company	9,189		-	
Net (reduction in)/addition to reserves	<u>9,189</u>	<u>(263)</u>	<u>-</u>	<u>2,983</u>
At 1 January	3,050	2,998	3,050	14
At 31 December	<u>12,239</u>	<u>2,735</u>	<u>3,050</u>	<u>2,998</u>

All capital contributions received by the Company in the form of cash that is not encumbered is available for immediate distribution to shareholders.

15 Ultimate parent undertaking

The immediate parent company is Legal & General Development Assets Holdings Limited. The ultimate parent company is Legal & General Group Plc, a company incorporated in England & Wales - the controlling party which consolidates the financial statements of the Company. These accounts therefore provide information about the Company as an individual undertaking. Copies of the accounts of the ultimate holding company, Legal & General Group Plc, are available on the Group website, www.legalandgeneralgroup.com or from the Company Secretary at the Registered Office, One Coleman Street, London, EC2R 5AA.

16 Subsequent events

Subsequent to the balance sheet date, there has not been any item, transaction or event of a material and unusual nature likely, in the opinions of the Directors, to affect significantly the operations of the Company, the result of those operations, or the state of affairs, in future financial years.

17 Related party disclosures

The Company has taken advantage of the exemption under paragraph 8 (j) and (k) of FRS 101 from certain requirements under IAS 24 Related party disclosures. These include the requirement to disclose transactions entered into by the Company with other wholly owned members of Legal & General Group Plc, and the requirement to present disclosures on compensation arrangements for key management personnel.