

WESTMORELAND INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2018



WESTMORELAND INVESTMENTS LIMITED

COMPANY INFORMATION

| | |
|----------------------------|--|
| Directors | Mr H P Murphy Mrs M A Murphy Mr P H Murphy Mr J J Murphy Mrs M A Middleton Mrs W M Linnett |
| Company secretary | Mr R H Smith FCA |
| Registered number | 00934908 |
| Registered office | 1 Westmoreland Avenue Thurmaston Leicester LE4 8PH |
| Independent auditor | Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH |
| Solicitors | Crane & Walton 24 De Montfort Street Leicester LE1 7GB |

WESTMORELAND INVESTMENTS LIMITED

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WESTMORELAND INVESTMENTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 30 NOVEMBER 2018

Introduction

The company is principally engaged in the holding and development of freehold and long leasehold properties for investment purposes and its income is principally derived from rents.

Business review

The property market has witnessed a slight decrease, reflected in the IPD all property returns for the year being 4.5% down in comparison to last year. Most sectors including the Company's have seen a marginal decrease in value. The exception is the demise of the retail sector which has had a turbulent year that will be difficult to turn around in the face of the growth of online sales. Fortunately, the company's retail stock has not been affected due to buildings of high quality in attractive locations for footfall.

The company made one significant disposal, taking advantage of an extremely appealing price, which was unsolicited. It is the intention of the Directors to continue to develop the existing activities of the company through the portfolio and to identify suitable properties for future investment.

Principal risks and uncertainties

The principal risks and uncertainties facing the company relate to tenancy voids and fluctuations in property values.

These risks are closely monitored by the directors to ensure they are mitigated by timely and prudent management procedures.

The company actively manages its property portfolio to maintain high occupancy rates and to prevent voids where possible. The company also continues to review its property portfolio to identify poor performing properties with a view to disposal at an appropriate time.

Financial key performance indicators

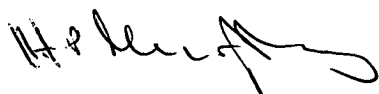
The company monitors its financial performance by reference to rental income and profit and cash generation levels.

Rental income has decreased by £1,393,096 compared to the prior year principally due to disposals made in the year. The operating result before fair value movements for the year is £18,727,431 (2017: £18,578,568), the increase of £148,863 relates to the decrease in property outgoings.

Non financial key performance indicators

The company monitors its overall performance by reference to property occupation levels.

This report was approved by the board on 26 March 2019 and signed on its behalf.



Mr H P Murphy
Director

WESTMORELAND INVESTMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 NOVEMBER 2018

The directors present their report and the financial statements for the year ended 30 November 2018.

Results and dividends

The profit for the year, after taxation, amounted to £14,256,336 (2017 - loss £5,678,641).

Particulars of dividends paid are detailed in the notes to the financial statements.

Directors

The directors who served during the year were:

Mr H P Murphy
Mrs M A Murphy
Mr P H Murphy
Mr J J Murphy
Mrs M A Middleton
Mrs W M Linnett

Directors' responsibilities statement

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 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 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

WESTMORELAND INVESTMENTS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 NOVEMBER 2018**

Financial instruments

The company uses various financial instruments, comprising cash and other liquid resources and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are credit risk and liquidity risk. The directors review and agree the policies for managing these risks and this is summarised below. The policies have remained unchanged from previous years.

Credit risk

The company reviews its credit risk relating to its tenants by carrying out credit checks for new tenants and by regular reviews of amounts due from trade debtors.

Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely and profitably.

Matters covered in the strategic report

Future developments are covered in the Strategic Report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Under section 487(2) of the Companies Act 2006, Grant Thornton UK LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 26 March 2019 and signed on its behalf.



Mr R H Smith FCA
Secretary



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTMORELAND INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Westmoreland Investments Limited (the 'company') for the year ended 30 November 2018, which comprise the Statement of Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard'.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and the Directors' Report, but does not include the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTMORELAND INVESTMENTS LIMITED
(CONTINUED)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTMORELAND INVESTMENTS LIMITED
(CONTINUED)**

Responsibilities of directors for financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

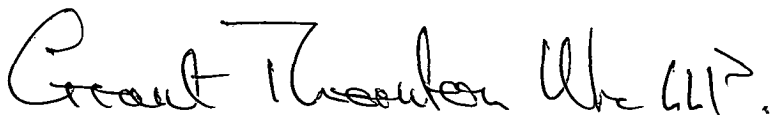
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Christopher Frostwick (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
East Midlands

26 March 2019

WESTMORELAND INVESTMENTS LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 NOVEMBER 2018**

| | Note | 2018 £ | 2017 £ |
|---|------|-------------------|--------------------|
| Gross rental income | 4 | 21,741,324 | 23,134,420 |
| Property outgoings | | (1,082,902) | (3,594,424) |
| Administrative expenses | | (1,945,839) | (1,701,728) |
| Other operating income | 5 | 14,848 | 740,300 |
| Fair value movements | | (1,775,587) | (21,300,086) |
| Operating profit/(loss) | 6 | 16,951,844 | (2,721,518) |
| Interest receivable and similar income | 9 | 159,649 | 11,627 |
| Profit/(loss) before tax | | 17,111,493 | (2,709,891) |
| Tax on profit/(loss) | 10 | (2,855,157) | (2,968,750) |
| Profit/(loss) for the financial year | | 14,256,336 | (5,678,641) |

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

The notes on pages 10 to 19 form part of these financial statements.

WESTMORELAND INVESTMENTS LIMITED
REGISTERED NUMBER:00934908

BALANCE SHEET
AS AT 30 NOVEMBER 2018

| | Note | 2018 £ | 2017 £ |
|---|------|---------------------------|---------------------------|
| Fixed assets | | | |
| Investment property | 12 | 240,051,915 | 281,017,410 |
| Current assets | | | |
| Debtors: amounts falling due within one year | 13 | 3,048,405 | 1,955,867 |
| Current asset investments | 14 | 35,648,262 | 147,505 |
| Cash at bank and in hand | | 3,402,827 | 4,676,944 |
| | | <u>42,099,494</u> | <u>6,780,316</u> |
| Creditors: amounts falling due within one year | 15 | (5,203,656) | (6,723,246) |
| Net current assets | | <u>36,895,838</u> | <u>57,070</u> |
| Total assets less current liabilities | | <u>276,947,753</u> | <u>281,074,480</u> |
| Creditors: amounts falling due after more than one year | 16 | (106,050,681) | (106,050,681) |
| Provisions for liabilities | | | |
| Deferred tax | 17 | (2,128,428) | (2,511,491) |
| | | <u>(2,128,428)</u> | <u>(2,511,491)</u> |
| Net assets | | <u><u>168,768,644</u></u> | <u><u>172,512,308</u></u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 120,000,000 | 120,000,000 |
| Revaluation reserve | 19 | (27,835,360) | (26,544,561) |
| Profit and loss account | 19 | 76,604,004 | 79,056,869 |
| | | <u><u>168,768,644</u></u> | <u><u>172,512,308</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 March 2019.



Mr H P Murphy
Director

The notes on pages 10 to 19 form part of these financial statements.

WESTMORELAND INVESTMENTS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2018**

| | Called up share capital £ | Revaluation reserve £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|-----------------------------|---------------------------------|--------------------|
| At 1 December 2017 | 120,000,000 | (26,544,561) | 79,056,869 | 172,512,308 |
| Comprehensive income for the year | | | | |
| Profit for the year | - | - | 14,256,336 | 14,256,336 |
| Total comprehensive income for the year | - | - | 14,256,336 | 14,256,336 |
| Dividends: Equity capital | - | - | (18,000,000) | (18,000,000) |
| Transfer to/from profit and loss account | - | (1,290,799) | 1,290,799 | - |
| Total transactions with owners | - | (1,290,799) | (16,709,201) | (18,000,000) |
| At 30 November 2018 | 120,000,000 | (27,835,360) | 76,604,004 | 168,768,644 |

The notes on pages 10 to 19 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2017**

| | Called up share capital £ | Revaluation reserve £ | Profit and loss account £ | Total equity £ |
|--|---------------------------------|-----------------------------|---------------------------------|--------------------|
| At 1 December 2016 | 120,000,000 | (6,484,584) | 79,675,533 | 193,190,949 |
| Comprehensive income for the year | | | | |
| Loss for the year | - | - | (5,678,641) | (5,678,641) |
| Total comprehensive income for the year | - | - | (5,678,641) | (5,678,641) |
| Dividends: Equity capital | - | - | (15,000,000) | (15,000,000) |
| Transfer to/from profit and loss account | - | (20,059,977) | 20,059,977 | - |
| Total transactions with owners | - | (20,059,977) | 5,059,977 | (15,000,000) |
| At 30 November 2017 | 120,000,000 | (26,544,561) | 79,056,869 | 172,512,308 |

The notes on pages 10 to 19 form part of these financial statements.

WESTMORELAND INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2018

1. General information

Westmoreland Investments Limited is a Company limited by shares. It is incorporated in England and its registered office is 1 Westmoreland Avenue, Thurmaston, Leicester, LE4 8PH.

The principal activity of the Company is property investment.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The financial statements are presented in Sterling (£).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Charles Street Buildings (Leicester) Limited as at 30 November 2018 and these financial statements may be obtained from Companies House.

WESTMORELAND INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2018

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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.

Revenue relates to rental income from investment properties and is recognised on a straight line basis over the period of the lease. Where lease incentives are given they are recognised over the lease term on a straight line basis.

Dilapidation receipts are included in other operating income and recognised on receipt.

2.4 Investment property

Investment property is carried at fair value determined annually by the directors based on guidance from professional valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

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

2.5 Debtors

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

2.6 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

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 debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

WESTMORELAND INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2018

2. Accounting policies (continued)

2.7 Financial instruments (continued)

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 Statement of Comprehensive Income.

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, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

2.8 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.

2.9 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.10 Interest income

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

2.11 Current and deferred taxation

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

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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

WESTMORELAND INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 NOVEMBER 2018

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

Certain of the amounts included in the financial statements involve the use of judgement and/or estimation. The judgements and estimates are based on the management's best knowledge of the relevant facts and circumstances and have regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below:

Judgements in applying accounting policies:

The directors must judge whether all of the conditions required for the rental income to be recognised in the profit and loss of the financial year, as set out in note 2.3 above, have been met.

Sources of estimation uncertainty:

The company carries its investment property at fair value as set out in note 2.4 above. The directors obtain independent advice from a firm of Chartered Surveyors and estimate fair value using this information together with market data, the nature and location of specific properties and terms of tenancies.

The carrying value of investment properties at the year end is £240,051,915. A positive or negative variation of 1% in this value would result in an increase or decrease of £2,400,519 in the current year pre tax profits and net assets of the Company, excluding any deferred tax impact.

4. Rental income

All turnover arose within the United Kingdom.

5. Other operating income

| | 2018 £ | 2017 £ |
|------------------------|-----------|-----------|
| Other operating income | 14,848 | 740,300 |

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Fees payable to the Company's auditor for the audit of the company's annual financial statements | 10,000 | 9,750 |
| Fees payable to the Company's auditors for other services to the company: | | |
| - Taxation compliance services | 7,750 | 7,000 |
| Profit on disposal of investment property | (309,955) | (590,417) |

WESTMORELAND INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2018**

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | 2018 £ | 2017 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 1,380,000 | 1,380,000 |
| Social security costs | 189,289 | 189,316 |
| | <u>1,569,289</u> | <u>1,569,316</u> |

The Company has no employees other than the directors.

8. Directors' remuneration

| | 2018 £ | 2017 £ |
|-----------------------|------------------|------------------|
| Directors' emoluments | <u>1,380,000</u> | <u>1,380,000</u> |

The highest paid director received remuneration of £1,380,000 (2017 - £1,380,000).

9. Interest receivable

| | 2018 £ | 2017 £ |
|------------------------------------|----------------|---------------|
| Bank and other interest receivable | <u>159,649</u> | <u>11,627</u> |

WESTMORELAND INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2018**

10. Taxation

| | 2018 £ | 2017 £ |
|---|------------------|------------------|
| Corporation tax | | |
| Current tax on profit/(loss) for the year | 3,328,405 | 3,670,443 |
| Adjustments in respect of previous periods | (90,185) | 188,418 |
| Total current tax | <u>3,238,220</u> | <u>3,858,861</u> |
| Deferred tax | | |
| Origination and reversal of timing differences | (451,060) | (801,138) |
| Adjustment in respect of prior periods | 67,997 | (88,973) |
| Total deferred tax | <u>(383,063)</u> | <u>(890,111)</u> |
| Taxation on profit/(loss) on ordinary activities | <u>2,855,157</u> | <u>2,968,750</u> |

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2017 - *higher than*) the standard rate of corporation tax in the UK of 19% (2017 - 19.33%). The differences are explained below:

| | 2018 £ | 2017 £ |
|--|-------------------|--------------------|
| Profit/(loss) on ordinary activities before tax | <u>17,111,493</u> | <u>(2,709,891)</u> |
| Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19.33%) | 3,251,184 | (523,822) |
| Effects of: | | |
| Expenses not deductible for tax purposes | - | 141,218 |
| Capital gains on revaluations | (426,905) | 3,141,818 |
| Difference between corporation and deferred tax rates | 53,066 | 110,091 |
| Adjustments in respect of previous periods | (22,188) | 99,445 |
| Total tax charge for the year | <u>2,855,157</u> | <u>2,968,750</u> |

WESTMORELAND INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2018**

11. Dividends

| | 2018 £ | 2017 £ |
|----------------------------------|-------------------|-------------------|
| Dividends paid on equity capital | <u>18,000,000</u> | <u>15,000,000</u> |

12. Investment property

| | Freehold investment property £ | Long term leasehold investment property £ | Total £ |
|----------------------------|---|---|--------------------|
| Valuation | | | |
| At 1 December 2017 | 279,397,410 | 1,620,000 | 281,017,410 |
| Additions at cost | 441,092 | - | 441,092 |
| Disposals | (39,631,000) | - | (39,631,000) |
| Surplus on revaluation | (1,615,587) | (160,000) | (1,775,587) |
| At 30 November 2018 | <u>238,591,915</u> | <u>1,460,000</u> | <u>240,051,915</u> |

Investment property is stated at directors' valuation, on the basis of open market value at 30 November 2018. The valuation is guided by independent advice from a firm of Chartered Surveyors.

If the Investment properties had not been revalued they would have been included on the historical cost basis at cost and net book value at 30 November 2018 of £267,998,275 (2017 - £307,561,971).

13. Debtors

| | 2018 £ | 2017 £ |
|------------------------------------|------------------|------------------|
| Trade debtors | 196,561 | 824,962 |
| Amounts owed by group undertakings | 2,659,357 | 1,050,483 |
| Other debtors | 155,204 | 43,637 |
| Prepayments and accrued income | 37,283 | 36,785 |
| | <u>3,048,405</u> | <u>1,955,867</u> |

WESTMORELAND INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2018**

14. Current asset investments

| | 2018 £ | 2017 £ |
|--------------------------|-------------------|----------------|
| Short term bank deposits | <u>35,648,262</u> | <u>147,505</u> |

15. Creditors: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 397,743 | 730,054 |
| Amounts owed to group undertakings | 1,228,610 | 1,554,382 |
| Corporation tax | 1,508,663 | 1,770,443 |
| Taxation and social security | 948,688 | 1,366,461 |
| Other creditors | 32,383 | 31,383 |
| Accruals and deferred income | 1,087,569 | 1,270,523 |
| | <u>5,203,656</u> | <u>6,723,246</u> |

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

| | 2018 £ | 2017 £ |
|------------------------------------|--------------------|--------------------|
| Amounts owed to group undertakings | <u>106,050,681</u> | <u>106,050,681</u> |

Secured loans

The parent undertaking holds a debenture dated 10 March 1980 over the Company's assets in respect of amounts due to it.

17. Deferred taxation

| | 2018 £ | 2017 £ |
|-----------------------|-------------------------|-------------------------|
| At beginning of year | 2,511,491 | 3,401,602 |
| Movement in the year | (383,063) | (890,111) |
| At end of year | <u>2,128,428</u> | <u>2,511,491</u> |

WESTMORELAND INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2018**

17. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

| | 2018 £ | 2017 £ |
|--------------------------------|------------------|------------------|
| Accelerated capital allowances | 2,543,260 | 2,984,245 |
| Short term timing differences | (414,832) | (472,754) |
| | <u>2,128,428</u> | <u>2,511,491</u> |

18. Share capital

| | 2018 £ | 2017 £ |
|---|--------------------|--------------------|
| Allotted, called up and fully paid | | |
| 120,000,000 Ordinary shares of £1.00 each | <u>120,000,000</u> | <u>120,000,000</u> |

19. Reserves

Revaluation reserve

The revaluation reserve represents surpluses on the revaluation of investment properties.

Profit & loss account

The profit and loss account includes all current and prior year retained profits and losses.

20. Commitments under operating leases

The Company holds investment properties. Lease terms may vary according to the nature of the property. Some contain provision for rent reviews according to prevailing market conditions.

At 30 November 2018 the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | 2018 £ | 2017 £ |
|--|--------------------|--------------------|
| Not later than 1 year | 18,405,263 | 21,639,100 |
| Later than 1 year and not later than 5 years | 58,122,191 | 70,915,452 |
| Later than 5 years | 56,847,420 | 79,853,898 |
| | <u>133,374,874</u> | <u>172,408,450</u> |

WESTMORELAND INVESTMENTS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 NOVEMBER 2018**

21. Controlling party

The ultimate parent undertaking of this Company is Charles Street Buildings (Leicester) Limited, which heads the largest group of undertakings for which group accounts have been drawn up.

Charles Street Buildings (Leicester) Limited is the Company's controlling related party by virtue of its shareholding in the Company.