

Longbell Limited

Report and Financial Statements

Year Ended

31 March 2018

Company Number 3268638



Longbell Limited

Report and financial statements for the year ended 31 March 2018

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Directors

R Gubbay
P Gubbay
L Khalastchi
E Gubbay

Secretary and registered office

S Zainuddin, 7 Praed Street, London, W2 1NJ

Company number

3268638

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Longbell Limited

Report of the directors for the year ended 31 March 2018

The directors present their report together with the audited financial statements for the year ended 31 March 2018.

Results

The statement of comprehensive income is set out on page 5 and shows the profit for the year.

Principal activities

The principal activity of the company is that of property investment and management. Investments are held as a direct shareholding in property investment companies.

Directors

The directors during the year were:

P Gubbay
L Khalastchi
R Gubbay
E Gubbay

Directors' responsibilities

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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.

Longbell Limited

Report of the directors for the year ended 31 March 2018 (*Continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this report the directors have taken advantage of the small companies' exemption.

By order of the Board



P Gubbay
Director

Date: 12 December 2018

Longbell Limited

Report of the independent auditors

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONGBELL LIMITED

Opinion

We have audited the financial statements of Longbell Limited ("the Company") for the year ended 31 March 2018 which comprise the statement of comprehensive income, statement of financial position, 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 applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Longbell Limited

Report of the independent auditors (*Continued*)

Matters on which we are required to report by exception

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 Report of the Directors.

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 by the Company, 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.; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the 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

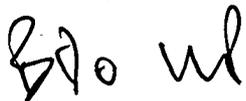
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 at the Financial Reporting Council's website at:

<https://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.



Richard Levy (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

Date 18 DEC 2018

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Longbell Limited

Statement of comprehensive income for the year ended 31 March 2018

	Note	2018 £	2017 £
Administrative expenses		(483,402)	(341,288)
Gain on exchange difference		20,061	636,471
Dividends received from fixed asset investments		541,969	3,606,096
Profit on disposal of fixed asset investments		-	4,687
Change in fair value of current asset investments		92,402	401,280
		<hr/>	<hr/>
Operating profit	3	171,030	4,307,246
Other income		97,897	59,762
Interest receivable		590,498	723,515
Interest payable		(20)	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation		859,405	5,090,523
Taxation charge on profit from ordinary activities	4	(24,662)	(139,512)
		<hr/>	<hr/>
Profit on ordinary activities after taxation		834,743	4,951,011
Other comprehensive income		-	-
		<hr/>	<hr/>
Total comprehensive income for the year		<u>834,743</u>	<u>4,951,011</u>

The notes on pages 8 to 14 form part of these financial statements.

Longbell Limited

Statement of financial position at 31 March 2018

Company Number: 3268638

	Note	2018 £	2018 £	2017 £	2017 £
Fixed assets					
Investments	5		6,513,013		6,403,490
Current assets					
Debtors due within one year	6	15,222,034		13,136,035	
Debtors due after one year	6	5,824,094		7,310,567	
Investments	7	2,102,248		2,308,282	
Cash at bank and in hand		3,016,896		1,932,024	
		26,165,272		24,686,908	
Creditors: amounts falling due within one year	8	17,860,017		17,106,873	
Net current assets			8,305,255		7,580,035
Net assets			14,818,268		13,983,525
Capital and reserves					
Called up share capital	9		100		100
Profit and loss account	13		14,100,631		13,468,785
Other reserves	13		717,537		514,640
Shareholders' funds			14,818,268		13,983,525

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board and authorised for issue on 12 December 2018.


P Gubbay
Director

The notes on pages 8 to 14 form part of these financial statements.

Longbell Limited

Statement of changes in equity for the year ended 31 March 2018

	Share capital £	Profit and loss account £	Other reserves £	Total equity £
At 1 April 2016	100	9,941,909	190,505	10,132,514
Profit for the year	-	4,951,011	-	4,951,011
Dividends paid	-	(1,100,000)	-	(1,100,000)
Reserves transfer	-	(324,135)	324,135	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	100	13,468,785	514,640	13,983,525
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2017	100	13,468,785	514,640	13,983,525
Profit for the year	-	834,743	-	834,743
Reserves transfer	-	(202,897)	202,897	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	100	14,100,631	717,537	14,818,268
	<hr/>	<hr/>	<hr/>	<hr/>

The notes on pages 8 to 14 form part of these financial statements.

Longbell Limited

Notes forming part of the financial statements for the year ended 31 March 2018

1 Accounting policies

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

Disclosure exemptions

In preparing these financial statements, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented
- No disclosure of related party transactions entered into between two or more wholly owned members of a group has been given
- Consolidated accounts have not been prepared for the company as these are included in the group accounts of the ultimate parent company
- Certain disclosures in respect of the company's financial instruments have not been presented as these are included in the disclosures made in respect of the group

The following principal accounting policies have been applied:

Group financial statements

The financial statements contain information about Longbell Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by Companies Act 2006 not to produce consolidated financial statements because it is itself a wholly owned subsidiary of its parent undertaking, Prime Commercial Properties Plc. Prime Commercial Properties Plc prepares and files consolidated accounts which incorporate the activities of the company and its subsidiary undertakings.

Investments

Fixed asset investments and investments in associates are stated at cost, less any provision for impairment.

Investments in listed company shares, which have been classified as current asset investments, are remeasured to fair value at each reporting date. Gains and losses on remeasurement are recognised in the statement of comprehensive income.

Foreign currency translation

Foreign currency transactions are translated into the group company's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or 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 reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Longbell Limited

Notes forming part of the financial statements for the year ended 31 March 2018

1 Accounting policies (continued)

Current and deferred taxation (continued)

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Operating leases

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

Finance costs

Finance costs associated with the issue of debt are deducted from the proceeds of the issue and charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount.

Dividends

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

Judgements in applying accounting policies and key sources of estimate uncertainty

In preparing these financial statements, the directors have made the following judgements:

Determine whether there are indicators of impairment of the company's fixed asset investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Loans

Shareholder loans are redeemable in 2026 and carry an interest rate of 0%. FRS 102 requires these to be remeasured to present value at inception for financial reporting purposes. In calculating the fair value adjustment at inception the directors have assumed that a discount rate of 8.5% should apply. The finance income in the statement of comprehensive income statement reflects the unwinding of this discount.

Longbell Limited

Notes forming part of the financial statements for the year ended 31 March 2018

2 Employees and directors

	2018 £	2017 £
Staff costs consist of:		
Wages and salaries	280,995	137,711
Social security costs	31,405	12,047
	<u>312,400</u>	<u>149,758</u>

The company has two employees apart from the directors during the year under review (2017 - 2). The directors received aggregate emoluments of £176,637 during the year (2017 - £50,000). The emoluments of the highest paid director were £126,637 (2017 - £50,000).

3 Operating loss

	2018 £	2017 £
This has been arrived at after charging:		
Auditors' remuneration	7,870	6,960
	<u>7,870</u>	<u>6,960</u>

4 Taxation on profit from ordinary activities

	2018 £	2017 £
<i>UK corporation tax</i>		
Current tax charge on profits of the year	7,866	180,000
Adjustment in respect of prior years	16,796	(40,488)
	<u>24,662</u>	<u>139,512</u>
Total current tax	24,662	139,512
Deferred tax	-	-
	<u>24,662</u>	<u>139,512</u>
Taxation on profit on ordinary activities	24,662	139,512

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	859,405	5,090,523
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19% (2017 - 20%)	163,287	1,018,105
Expenses not deductible for tax purposes	-	-
Non-taxable income	(149,724)	(828,475)
Chargeable gains	(5,697)	(9,630)
Tax losses	-	-
Adjustments in respect of prior years	16,796	(40,488)
	<u>24,662</u>	<u>139,512</u>
Total tax charge for year	24,662	139,512

The aggregate current and deferred tax relating to items recognised in other comprehensive income is Nil (2017-Nil).

Longbell Limited

Notes forming part of the financial statements for the year ended 31 March 2018

5 Fixed asset investments

	Loans £	Shares £	Total £
<i>Net book value</i>			
At 1 April 2017	5,481,962	921,528	6,403,490
Advances/additions	233,563	-	233,563
Repayments/disposals	(124,000)	(40)	(124,040)
	<hr/>	<hr/>	<hr/>
At 31 March 2018	5,591,525	921,488	6,513,013
	<hr/>	<hr/>	<hr/>

The principal trading subsidiary and associates undertakings at the balance sheet date were:

Company	Country of registration	Nature of business	Shares held Class	%
Subsidiary undertakings:				
<i>Directly held:</i>				
Peakshare Limited	England	Investment company	Ordinary	79.82
Joanbridge Limited	England	Investment company	Ordinary	79.82
Moontrace Limited	England	Property investment	Ordinary	100.00
Crestform (EU) Limited	England	Property investment	Ordinary	100.00
Carillon Properties Limited	England	Property investment	Ordinary	82.00
Prime Commercial Properties (KDL) Limited	England	Property investment	Ordinary	100.00
Prime Commercial Properties (Leeds) Limited	England	Property investment	Ordinary	100.00
<i>Indirectly held:</i>				
PCP San Souci Holdings LLC	USA	Investment company	LLC Contribution	72.50
PCP San Souci LLC	USA	Property investment	LLC Contribution	72.50
Home and Kitchen Limited	England	Retail	Ordinary	100.00
Associates undertakings:				
<i>Directly held:</i>				
Khalsmith (Portfolio) Limited	England	Property investment	Ordinary	50.00
Edro Properties Limited	England	Property investment	Ordinary	50.00
Habag Investment Corp.	BVI	Investment company	Ordinary	50.00
Braavos Investments Limited	England	Property investment	Ordinary	34.10
Tedbell Limited	England	Property investment	Ordinary	33.33
St Vincent Estates Limited	England	Property investment	Ordinary	33.33
Prista Holding SA	BVI	Investment company	Ordinary	25.00
<i>Indirectly held:</i>				
St Vincent Estates Limited	England	Property investment	Ordinary	11.11

Longbell Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (Continued)

5 Fixed asset investments (continued)

	Aggregate share capital & reserves		Profit/(loss) for the year ended 31 March	
	2018	2017	2018	2017
	£	£	£	£
Moontrace Limited	4,291,553	2,481,991	1,809,562	514,096
Crestform (EU) Limited	2,815,941	2,571,604	244,337	1,917,497
Carillon Properties Limited	(763,434)	2,774,874	(3,538,308)	(277,316)
Prime Commercial Properties (Leeds) Limited	(46,098)	-	(46,098)	-
Prime Commercial Properties (KDL) Limited	922,235	1,078,712	(156,477)	(84,481)

The reporting currency for these subsidiaries is US dollar.

	2018	2017	2018	2017
	\$	\$	\$	\$
Peakshare Limited	334,621	177,848	107,806	(188,228)
Joanbridge Limited	(3,223,222)	(3,220,472)	(2,750)	(187,317)
PCP New London Holdings LLC	-	89,150	(35,242)	(17,434)
PCP New London LLC	-	-	-	(42,706)
PCP San Souci Holdings LLC	3,604,057	3,613,557	(9,500)	(11,153)
PCP San Souci LLC	2,738,385	2,784,682	(46,297)	(43,361)

The registered office of the subsidiaries in England is 7 Praed Street, London, W2 1NJ. The registered office of the subsidiaries in USA is 100 South Rockland Falls Road, Box 126, Rockland, Delaware, 19732.

6 Debtors

	2018	2017
	£	£
Amounts due within one year:		
Trade debtors	71,429	59,762
Other debtors	328,835	195,953
Corporation tax recoverable	79,926	-
Prepayments and accrued income	69,602	24,740
Amounts due from related undertakings	14,672,242	12,855,580
	<u>15,222,034</u>	<u>13,136,035</u>
Amounts due after more than one year:		
Other debtors	5,824,094	7,310,567
	<u>21,046,128</u>	<u>20,446,602</u>

7 Current asset investments

	2018	2017
	£	£
Listed investments	2,102,248	2,308,282
	<u>2,102,248</u>	<u>2,308,282</u>

The investments are listed on a recognised trading market and had a market value of £2,102,248 at the year end (2017 – £2,308,282).

The historical cost of investments is £2,100,233

Longbell Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (Continued)

8 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	43,862	-
Other creditors	52,372	44,376
Accruals and deferred income	17,246	7,781
Other taxes and social security	11,702	4,080
Corporation tax	-	46,539
Amounts due to parent undertaking	17,734,835	17,004,097
	<u>17,860,017</u>	<u>17,106,873</u>

9 Share capital

	Authorised		Allotted, called up and fully paid	
	2018 £	2017 £	2018 £	2017 £
99 ordinary 'A' shares of £1 each	99	99	99	99
1 ordinary 'B' share of £1	1	1	1	1
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

The ordinary 'B' share carries restricted voting rights, rights to dividends only in the event that the company's distributable profits in any one year exceed £100m, and entitles the holder to receive the amount paid up on such share in the event of liquidation of the company, but not otherwise to share in the surplus assets of the company.

10 Commitments under operating leases

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2018 £	2017 £
Not later than 1 year	86,000	86,000
Later than 1 year and not later than 5 years	344,000	344,000
Later than five years	86,000	172,000
	<u>516,000</u>	<u>602,000</u>

Longbell Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (Continued)

11 Ultimate and intermediate parent companies

The company is controlled by Prime Commercial Properties Plc, its immediate parent company. The ultimate parent company is Prime Commercial Properties (Holdings) Limited, a company registered in England. Copies of the consolidated financial statements of Prime Commercial Properties (Holdings) Limited are available from Companies House. The ultimate controlling party is The Robert Gubbay Settlement Trust.

12 Related party transactions

Transactions between related parties were conducted on an arm's length basis on normal trading terms. Transactions with related parties are summarised below:

	2018 £	2017 £
Loans due from a shareholder of the company's ultimate parent company	-	117,000
Loans advanced to a shareholder of the company's ultimate parent company	52,000	117,000
Loans repaid by a shareholder of the company's ultimate parent company	169,000	-
Loans due from family member of the directors	-	814,979
Interest receivable on loan to a family member of the directors	8,551	31,750
Loans advanced to a family member of the directors	66,000	822,909
Loans repaid by a family member of the directors	889,530	477,271
<i>Entities controlled by a close family member of directors:</i>		
Purchases from related parties	95,935	105,986
Loans due from related parties	397,999	188,786
Loans advanced to related parties	657,968	185,274
Loans repaid by related parties	470,039	-
Interest receivable on loans to related parties	21,284	13,826
<i>Entities over which the entity has significant influence:</i>		
Loans due from associates	4,546,472	5,966,346
Interest receivable on loans to associates	301,541	273,528
Loans advanced to associates	533,366	1,427,689
Loans repaid by associates	2,254,782	806,618

13 Reserves

Profit and loss account

This reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

Other reserves

This reserve represents the cumulative imputed interest charged on the loan advanced to the company's subsidiaries. This reserve is increased annually by an amount equal to the imputed interest charged on the loan which is transferred from the profit and loss account.