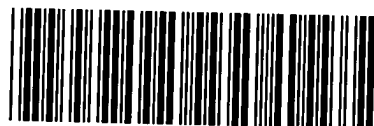


Company number: 03087749

Derwent Valley Property Trading Limited
Directors' report and financial statements
31 December 2017

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Derwent Valley Property Trading Limited

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Directors

J D Burns
N Q George
S P Silver
D G Silverman
P M Williams
D M A Wisniewski

Secretary and registered office

D A Lawler
25 Savile Row
London
W1S 2ER

Company number

03087749

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Derwent Valley Property Trading Limited

Directors' report

Principal activities and future developments

Derwent Valley Property Trading Limited (the 'Company') is a property trading company and a subsidiary of Derwent London plc (the 'Group'). The Company is a private company limited by shares and incorporated and domiciled in the UK. The address of its registered office is 25 Savile Row, London, W1S 2ER. The Directors foresee no material change in the nature of the Company's activities.

Financial review and dividends

The results for the year are set out in the statement of comprehensive income on page 5. The Directors do not recommend payment of a dividend (2016: £nil).

Political contributions

There were no political contributions in the year (2016: £nil).

Directors

The Directors who held office during the year and up to the date of signing were as follows:

J D Burns
N Q George
S P Silver
D G Silverman
P M Williams
D M A Wisniewski

None of the above Directors has an interest in the ordinary share capital of the Company. The interests of the Directors in the share capital of Derwent London plc, the Company's parent company, are disclosed in the accounts of that company.

Disclosure of information to the Auditors

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

Independent Auditors

PricewaterhouseCoopers LLP have expressed a willingness to continue in office. Under the Companies Act 2006 section 487 (2) they will be automatically re-appointed as Auditors 28 days after these financial statements are sent to the members, unless the members exercise their rights under the Companies Act 2006 to prevent their re-appointment.

Derwent Valley Property Trading Limited

Directors' report - continued

Statement of Directors' responsibilities

The Directors are responsible for preparing the accounts and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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. The Directors 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.

Small companies' exemption

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

By order of the Board



D A Lawler
Secretary
25 Savile Row
London
W1S 2ER

28 June 2018

Derwent Valley Property Trading Limited

Independent Auditors' report to the members of Derwent Valley Property Trading Limited

Report on the audit of the financial statements

Opinion

In our opinion, Derwent Valley Property Trading Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2017; the statement of comprehensive income for the year then ended; the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our Auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included. Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Derwent Valley Property Trading Limited

Independent Auditors' report to the members of Derwent Valley Property Trading Limited – continued

Report on the audit of the financial statements – continued

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also 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.

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.

Auditors' 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 auditors' 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

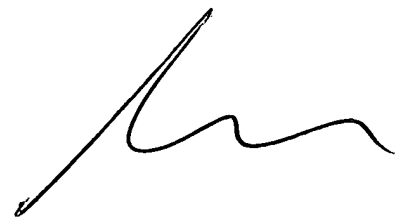
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Craig Hughes (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 June 2018

Derwent Valley Property Trading Limited

Statement of comprehensive income for the year ended 31 December

	Note	2017 £	2016 £
Net property expense	3	(554,798)	-
Other income		582,112	-
		<hr/>	<hr/>
Operating profit		27,314	-
Interest receivable and similar income	5	2,544	2,319
Interest payable and similar expenses	6	(79,026)	-
		<hr/>	<hr/>
(Loss)/profit and total comprehensive (expense)/income for the financial year		(49,168)	2,319
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities

The notes on pages 8 to 11 form part of these financial statements.

Derwent Valley Property Trading Limited

Company no. 03087749

Balance sheet as at 31 December

	Note	2017 £	2016 £
Current assets			
Debtors: Amounts falling due within one year	8	61,580	58,208
Trading properties	9	7,250,000	-
		<hr/>	<hr/>
		7,311,580	58,208
Current liabilities			
Creditors: Amounts falling due within one year	10	(7,302,540)	-
		<hr/>	<hr/>
Net assets		9,040	58,208
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	11	2,100,000	2,100,000
Accumulated losses		(2,090,960)	(2,041,792)
		<hr/>	<hr/>
Total equity		9,040	58,208
		<hr/>	<hr/>

The financial statements on pages 5 to 11 were approved by the Board of Directors on 28 June 2018 and signed on its behalf by



D M A Wisniewski

The notes on pages 8 to 11 form part of these financial statements.

Derwent Valley Property Trading Limited

Statement of changes in equity for the year ended 31 December

	Called up share capital £	Accumulated losses £	Total equity £
At 1 January 2017	2,100,000	(2,041,792)	58,208
Loss for the financial year and total comprehensive expense	-	(49,168)	(49,168)
At 31 December 2017	2,100,000	(2,090,960)	9,040
At 1 January 2016	2,100,000	(2,044,111)	55,889
Profit for the financial year and total comprehensive income	-	2,319	2,319
At 31 December 2016	2,100,000	(2,041,792)	58,208

The notes on pages 8 to 11 form part of these financial statements.

Derwent Valley Property Trading Limited

Notes to the financial statements

1. Basis of preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements of Derwent Valley Property Trading Limited have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The Company is a qualifying entity for the purpose of FRS 101. Note 12 gives details of the Company's ultimate parent company and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act and related Regulations. The disclosure exemptions adopted by the Company in accordance with FRS 101 are as follows:

- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IAS 7 Statement of Cash Flows; and
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Changes in accounting policies

New standards adopted during the year

The following standards, amendments and interpretations endorsed by the EU were effective for the first time for the Company's 31 December 2017 year end and had no material impact on the financial statements.

IAS 7 (amended) – Statement of Cash Flows;

IAS 12 (amended) – Income Taxes;

IFRS 12 – Disclosures of Interests in Other Entities.

Standards and interpretations in issue but not yet effective

The following standards, amendments and interpretations were in issue at the date of approval of these financial statements but were not yet effective for the current accounting year and have not been adopted early. Based on the Company's current circumstances the Directors do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Company.

IAS 40 (amended) – Investment Property;

IFRS 2 (amended) – Share Based Payments;

IFRS 4 (amended) – Insurance Contracts;

IFRS 17 – Insurance Contracts;

IFRIC 22 – Foreign Currency Transactions and Advance Consideration;

IFRIC 23 – Uncertainty over Income Tax Treatments;

Annual Improvements to IFRSs (2014 – 2016 cycle).

In addition to the above, IFRS 9 Financial Instruments, IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases were in issue at the date of approval of these financial statements but were not yet effective for the current accounting period and have not been adopted early.

IFRS 9 Financial Instruments (effective from 1 January 2018)

This standard applies to classification and measurement of financial assets and financial liabilities, impairment provisioning and hedge accounting. Management's assessment of IFRS 9 determined that the main area of potential impact was impairment provisioning on trade receivables and balances due from subsidiaries of the Company. This was due to the requirement to use a forward-looking expected credit loss model. Having carried out an assessment, it is considered that the introduction of IFRS 9 will not have a material impact on the financial statements of the Company.

Derwent Valley Property Trading Limited

Notes to the financial statements – continued

1. Basis of preparation – continued

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)

IFRS 15 combines a number of previous standards, setting out a five step model for the recognition of revenue and establishing principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue. The standard is applicable to service charge income, facilities management income, investment property disposals and trading property disposals, but excludes rent receivable, which is within the scope of IFRS 16. The Company has completed its assessment of IFRS 15 and considers that its adoption will not have a material impact on the financial statements.

IFRS 16 Leases (effective 1 January 2019)

This standard does not substantially affect the accounting for rental income earned by the Company as lessor. The main impact of the standard is the removal of the distinction between operating and finance leases for lessees, which will result in almost all leases being recognised on the balance sheet. As the Company does not hold any material operating leases as lessee, the impact of the standard is not expected to be material to the financial statements.

Significant judgements, key assumptions and estimates

The preparation of financial statements in conformity with FRS 101 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. Not all of these accounting policies require management to make difficult, subjective or complex judgements or estimates. Estimates and judgements 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. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

Financial Risks

The Company faces financial risks, in particular, that it becomes unable to meet its financial obligations or finance the business appropriately. The Company has identified increasing interest rates as its key financial risk. An increase in interest rates can lead to higher property yields which would cause property values to fall, having an adverse effect loan-to-value ratios, total return and total property return.

The Group controls and mitigates this risk by regularly monitoring the impact of yield changes on performance as part of its quarterly management accounting process. In addition, project appraisals are regularly reviewed and updated in order to monitor the effect of yield changes.

2. Accounting policies

Trading properties

Trading properties are valued at the lower of cost and estimated net realisable value.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

3. Net property expense

	2017 £	2016 £
Property outgoing less amounts recovered from tenants	406	-
Write-down of trading property	554,392	-
	<hr/>	<hr/>
	554,798	-
	<hr/>	<hr/>

Derwent Valley Property Trading Limited

Notes to the financial statements - continued

4. Operating profit

Audit fees of £500 (2016: £500) have been incurred by Derwent London plc on behalf of the Company.

The Company has no employees. Group employees are held in and remunerated by other Group companies.

The Company's Directors were not remunerated for their services to the Company, but instead received emoluments for their services to the other Group companies. The Directors do not believe that it is practicable to apportion this amount between their services as Directors of the Company and their services as Directors of other Group companies.

5. Interest receivable and similar income

	2017 £	2016 £
Receivable from Group undertakings	2,544	2,319
	<hr/>	<hr/>

6. Interest payable and similar charges

	2017 £	2016 £
Payable to Group undertakings	79,026	-
	<hr/>	<hr/>

7. Tax on (loss)/profit

There is no current taxation (2016: £nil) or deferred taxation (2016: £nil) charge in the year.

Factors affecting the tax for the year

The effective rate of tax for the year is higher (2016: lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2017 £	2016 £
(Loss)/profit before taxation	(49,168)	2,319
	<hr/>	<hr/>
Current tax at 19.25% (2016: 20.00%)	(9,465)	464
Effects of:		
Group relief claimed not paid	-	(533)
Group relief surrendered not paid	12,265	-
Difference in interest rate on intercompany loans for tax purposes	(2,800)	69
	<hr/>	<hr/>
Tax on (loss)/profit	-	-
	<hr/>	<hr/>

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and the Finance Bill 2016 (on 7 September 2016). These include reducing the main rate to 19% from 1 April 2017 and to 17% from 1 April 2020.

Derwent Valley Property Trading Limited

Notes to the financial statements - continued

8. Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Amounts due from Group undertakings	60,738	58,208
Taxation and social security	842	-
	<u>61,580</u>	<u>58,208</u>

Amounts owed by Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at the Group's average weighted cost of borrowings.

9. Trading properties

	2017 £	2016 £
Trading properties	7,250,000	-
	<u>7,250,000</u>	<u>-</u>

10. Creditors

	2017 £	2016 £
Amounts falling due within one year:		
Amounts owed to Group undertakings	7,253,603	-
Accruals and deferred income	48,937	-
	<u>7,302,540</u>	<u>-</u>

Amounts owed to Group undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is charged at the Group's average weighted cost of borrowings.

11. Called up share capital

	2017 £	2016 £
Allotted, called up and fully paid		
2,100,000 (2016: 2,100,000) ordinary shares of £1 each	2,100,000	2,100,000
	<u>2,100,000</u>	<u>2,100,000</u>

12. Parent company

The Company's immediate and ultimate parent company is Derwent London plc, a company incorporated in England and Wales, whose registered office is at 25 Savile Row, London, W1S 2ER. Copies of the consolidated group financial statements can be obtained from this address.