

Registered number: 07801708

LS VICTORIA CIRCLE LP2 LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

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LS VICTORIA CIRCLE LP2 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

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

Directors' responsibilities statement

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the audited 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 audited 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited 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 audited 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.

Principal activity, review of the business and future developments

The Company has continued its business of investment in joint ventures in the United Kingdom. No changes in the Company's principal activity are anticipated in the foreseeable future.

Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Land Securities Group PLC. The directors have received confirmation that Land Securities Group PLC intends to support the Company for at least one year after these financial statements are approved and signed.

Results for the year and dividend

The results are set out in the Statement of Comprehensive Income on page 5.

The directors do not recommend the payment of a dividend for the year ended 31 March 2018 (2017: £Nil).

Directors

The directors who held office during the year and up to the date of this report unless otherwise stated were:

Land Securities Management Services Limited
LS Director Limited (appointed 5 October 2018)
M C Geddes
E Miles (appointed 1 January 2018)
L Miller (resigned 1 January 2018)

Indemnity

The Company has made qualifying third party indemnity provisions for the benefit of the respective directors which were in place throughout the year and which remain in place at the date of this report.

Small companies exemption

The Directors' Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Strategic report

The Company has taken advantage of the exemption under s414B of the Companies Act 2006 not to prepare a Strategic Report.

LS VICTORIA CIRCLE LP2 LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018**

Statement of 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.

Registered Office
100 Victoria Street
London
SW1E 5JL

This report was approved by the Board and signed on its behalf.



M Smout, for and on behalf of LS Company Secretaries Limited
Company Secretary

Date: 26 October 2018

Registered and domiciled in England and Wales
Registered number: 07801708

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LS VICTORIA CIRCLE LP2 LIMITED

Opinion

We have audited the financial statements of LS Victoria Circle LP2 Limited (the 'Company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 13, 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 FRS 101 'Reduced Disclosure Framework'.

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 below. 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LS VICTORIA CIRCLE LP2 LIMITED (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 directors' report.

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; or
- the directors were not entitled to take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 1, 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 <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.

Ernst & Young LLP

Claire Johnson (Senior statutory auditor)

For and on behalf of
Ernst & Young LLP, Statutory Auditor

London

29 October 2018

LS VICTORIA CIRCLE LP2 LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £000	2017 £000
Interest income	4	8,174	9,077
Interest expense	4	(6,984)	(8,304)
Profit before tax		1,190	773
Taxation	5	(478)	253
Profit and total comprehensive income for the financial year		712	1,026

There were no recognised gains and losses for 2018 or 2017 other than those included in the statement of comprehensive income.

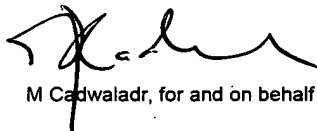
All amounts are derived from continuing activities.

LS VICTORIA CIRCLE LP2 LIMITED
REGISTERED NUMBER: 07801708

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £000	2017 £000
Non-current assets			
Investment in joint ventures	6	128,206	153,173
Amounts due from related parties	7	35,748	-
		<u>163,954</u>	<u>153,173</u>
Current assets			
Trade and other receivables	7	11	253
Amounts due from related parties	8	-	27,574
		<u>11</u>	<u>27,827</u>
Current liabilities			
Amounts owed to Group undertakings	10	(164,611)	(182,358)
		<u>(164,611)</u>	<u>(182,358)</u>
Net liabilities		<u>(646)</u>	<u>(1,358)</u>
Capital and reserves			
Called up share capital	11	-	-
Retained loss		(646)	(1,358)
		<u>(646)</u>	<u>(1,358)</u>

The financial statements on pages 5 to 15 were approved by the Board of Directors and were signed on its behalf by:



M Cadwaladr, for and on behalf of LS Director Limited

Date: 26 October 2018

LS VICTORIA CIRCLE LP2 LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Share capital £000	Retained loss £000	Total equity £000
At 1 April 2016	-	(2,384)	(2,384)
Total comprehensive income for the financial year	-	1,026	1,026
At 31 March 2017	-	(1,358)	(1,358)
Total comprehensive income for the financial year	-	712	712
At 31 March 2018	-	(646)	(646)

LS VICTORIA CIRCLE LP2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared on a going concern basis and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101') and the Companies Act 2006. The financial statements are prepared under the historical cost convention modified to include the revaluation of investment properties.

LS Victoria Circle LP2 Limited (the 'Company') is a private company limited by shares and is incorporated, domiciled and registered in England and Wales (Registered number: 07801708). The nature of the Company's operations is set out in the Directors' Report on page 1. The results of the Company are included in the consolidated financial statements of Land Securities Group PLC which are available from the Company's registered office at 100 Victoria Street, London, SW1E 5JL.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2018. The financial statements are prepared in Sterling and are rounded to the nearest thousand pounds (£000).

These are the first set of financial statements in which the Company has presented a single Statement of Comprehensive Income. There were no adjustments in respect of the previously reported financial position as a result of this change.

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The equivalent disclosures relating to IFRS 7, IFRS 13 & IAS 36 are included in the consolidated financial statements of Land Securities Group PLC, in which the entity is consolidated.

1.3 Investment properties

Investment properties are properties, either owned or leased by the Company, that are held either to earn rental income or for capital appreciation, or both.

Investment properties are measured initially at cost, including related transaction costs, and subsequently at fair value. Fair value is based on market value as determined by a professional independent valuer at each reporting date. Properties are treated as acquired at the point when the Company assumes the significant risks and returns of ownership.

The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the Statement of Comprehensive Income as a valuation surplus or deficit. Investment properties are presented on the Balance Sheet within non-current assets.

When the Company begins to redevelop an existing investment property for continued future use as an investment property, the property continues to be held as an investment property. When the Company begins to redevelop an existing investment property with a view to sell, the property is transferred to trading properties and held as a current asset. The property is re-measured to fair value as at the date of the transfer with any gain or loss being taken to the Statement of Comprehensive Income. The re-measured amount becomes the deemed cost at which the property is then carried in trading properties.

LS VICTORIA CIRCLE LP2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting policies (continued)

1.3 Investment properties (continued)

Properties are treated as disposed when the significant risks and rewards of ownership are transferred to the buyer. Typically, this will either occur on unconditional exchange or on completion. Where completion is expected to occur significantly after exchange, or where the Company continues to have significant outstanding obligations after exchange, the risks and rewards will not usually transfer to the buyer until completion.

The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the beginning of the accounting period plus capital expenditure to the date of disposal. The profit on disposal of investment properties is presented separately on the face of the Statement of Comprehensive Income. Proceeds received on the sale of trading properties are recognised within Revenue, and the carrying value at the date of disposal is recognised within Costs.

1.4 Other property, plant and equipment

This category comprises computers, furniture, fixtures and fittings and improvements to Company offices. These assets are stated at cost less accumulated depreciation and are depreciated to their residual value on a straight-line basis over their estimated useful lives of between two and five years.

The residual values and useful lives of all property, plant and equipment are reviewed, and adjusted if appropriate, at least at each financial year end.

1.5 Investment in joint ventures

Investments in joint ventures are carried at cost, less any repayment of joint venture capital and provision for impairment in value.

1.6 Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost in the Company's Balance Sheet, less any provision for impairment in value.

1.7 Other investments

Other investments are available-for-sale financial assets and are held at fair value. Changes to fair value are recorded within other comprehensive income.

1.8 Trading properties and long term development contracts

Trading properties are those properties held for sale, or those being developed with a view to sell. Trading properties are recorded at the lower of cost and net realisable value. The net realisable value of a trading property is determined by a professional independent valuer at each reporting date. If the net realisable value of a trading property is lower than its carrying value, an impairment loss is recorded in the Statement of Comprehensive Income. If, in subsequent periods, the net realisable value of a trading property that was previously impaired increases above its carrying value, the impairment is reversed. Trading properties are presented on the Balance Sheet within current assets.

Revenue on long-term development contracts is recognised according to the stage reached in the contract by reference to the value of work completed using the percentage of completion method. An appropriate estimate of the profit attributable to work completed is recognised once the outcome of the contract can be estimated reliably. The gross amount due from customers for contract work is shown as a receivable. The gross amount due comprises costs incurred plus recognised profits less the sum of recognised losses and progress billings. Where the sum of recognised losses and progress billings exceeds costs incurred plus recognised profits, the amount is shown as a liability.

1.9 Trade and other receivables

Trade and other receivables are recognised initially at fair value, subsequently at amortised cost and, where relevant, adjusted for the time value of money. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables concerned. If collection is expected in more than one year, they are classified as non-current assets.

1.10 Cash and cash equivalents

Cash and cash equivalents comprises cash balances, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or fewer.

1.11 Provisions

A provision is recognised in the Balance Sheet when the Company has a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Where relevant, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

LS VICTORIA CIRCLE LP2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting policies (continued)

1.12 Going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Land Securities Group PLC. The directors have received confirmation that Land Securities Group PLC intends to support the Company for at least one year after these financial statements are approved and signed.

1.13 Revenue

Rental income from investment property leased out under an operating lease is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives granted are an integral part of the net consideration for the use of the property and are therefore recognised on the same straight-line basis. Service charges and other recoveries are recorded as income in the periods in which they are earned.

When property is let under a finance lease, the Company recognises a receivable at an amount equal to the net investment in the lease at inception of the lease. Rentals received are accounted for as repayments of principal and finance income as appropriate. Finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining net investment in the finance lease. Contingent rents, being lease payments that are not fixed at the inception of a lease, for example turnover rents, are recorded as income in the periods in which they are earned.

1.14 Expenses

Property and contract expenditure is expensed as incurred with the exception of expenditure on long-term development contracts (see 1.8 above).

Rental payments made under an operating lease are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are an integral part of the net consideration for the use of the property and also recognised on a straight-line basis.

Minimum lease payments payable on finance leases and operating leases accounted for as finance leases under IAS 40 are apportioned between finance expense and reduction of the outstanding liability. Finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining liability. Contingent rents (as defined in 1.13 above) are charged as an expense in the periods in which they are incurred.

1.15 Impairment

The carrying amounts of the Company's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised in the Statement of Comprehensive Income whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

1.16 Interest

Interest is accounted for on an accruals basis.

1.17 Income taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years. Deferred tax is provided in full using the Balance Sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

No provision is made for temporary differences (i) arising on the initial recognition of assets or liabilities, other than on a business combination, that affect neither accounting nor taxable profit and (ii) relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future.

LS VICTORIA CIRCLE LP2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. Accounting policies (continued)

1.18 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company is lessee

i) Operating lease – leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the Company on a straight-line basis over the period of the lease.

ii) Finance lease – leases of assets where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised within investment properties at the commencement of the lease at the lower of the fair value of the property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. The finance charges are charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties acquired under finance leases are subsequently carried at their fair value.

Company is lessor

i) Operating lease – properties leased out to tenants under operating leases are included in investment properties in the Balance Sheet.

ii) Finance lease – when assets are leased out under a finance lease, the present value of the minimum lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

Lease income is recognised over the term of the lease using the net investment method before tax, which reflects a constant periodic rate of return. Where only the buildings element of a property lease is classified as a finance lease, the land element is shown within operating leases.

1.19 Dividends

Final dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Interim dividends are recognised when paid.

Dividend income is recognised when the Company's right to receive payment is established.

1.20 Intercompany loans

Intercompany loans are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, intercompany loans are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the Statement of Comprehensive Income over the period of the loan, using the effective interest method.

1.21 Trade and other payables

Trade and other payables with no stated interest rate and payable within one year are recorded at transaction price. Trade and other payables after one year are discounted based on the amortised cost method using the effective interest rate.

2. Critical accounting judgements and key estimation uncertainty

The Company's significant accounting policies are stated in note 1 above. Not all of these significant accounting policies require management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements. These judgements involve assumptions or estimates in respect of future events. Actual results may differ from these estimates.

Key estimation uncertainty

(a) Trade and other receivables

The Company is required to judge when there is sufficient objective evidence to require the impairment of individual trade receivables. It does this on the basis of the age of the relevant receivables, external evidence of the credit status of the counterparty and the status of any disputed amounts.

(b) Amounts due from related parties

The Company is required to judge when there is sufficient objective evidence to require the impairment of amounts due from related parties. It does this on the basis of the fair value of the net assets of the counterparty.

LS VICTORIA CIRCLE LP2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3. Management and administrative expenses

(a) Management services

The Company had no employees during the year (2017: None). Management services were provided to the Company throughout the year by Land Securities Properties Limited, which is a Group undertaking, charges for which amount to £Nil (2017: £Nil).

(b) Directors' remuneration

The Group's directors' emoluments are borne by Land Securities Properties Limited. The directors of the Company received no emoluments from Land Securities Properties Limited for their services to the Company (2017: £Nil).

(c) Auditor remuneration

The Group auditor's remuneration is borne by Land Securities Properties Limited. The proportion of the remuneration which relates to the Company amounts to £1,700 (2017: £1,700). No non-audit services were provided to the Company during the year (2017: £Nil).

4. Net interest income

	2018 £000	2017 £000
Interest expense		
Interest on amounts owed to Group undertakings	(6,984)	(8,304)
	<u>(6,984)</u>	<u>(8,304)</u>
Interest income		
Interest from joint ventures	8,174	9,077
	<u>8,174</u>	<u>9,077</u>
Net interest income	<u>1,190</u>	<u>773</u>

5. Income tax

	2018 £000	2017 £000
Corporation tax		
Income tax on profit for the year	478	(253)
Total income tax charge/(credit) in the Statement of Comprehensive Income	<u>478</u>	<u>(253)</u>

LS VICTORIA CIRCLE LP2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

5. Income tax (continued)

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%) as set out below:

	2018 £000	2017 £000
Profit before tax	1,190	773
Profit before tax multiplied by UK corporation tax rate	226	155
Effects of:		
Exempt property rental losses in the year	(226)	(155)
Share of LP's taxable loss	(11)	(253)
Adjustments in respect of prior years	489	-
Total tax charge/(credit) for the year	478	(253)

Land Securities Group PLC is a Real Estate Investment Trust (REIT). As a result the Company does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the Company continue to be subject to corporation tax as normal.

6. Investment in joint ventures

	2018 £000	2017 £000
At 1 April	153,173	153,607
Capital additions	9,872	18,491
Capital repayments	(34,839)	(18,925)
At 31 March	128,206	153,173

The Company owns 24.995% of Victoria Circle Limited Partnership which is a joint venture and draws up accounts to 31 March 2018. Victoria Circle Limited Partnership is a joint venture between LS Victoria Circle LP1 Limited, LS Victoria Circle LP2 Limited, Victoria Circle Trustee 1 Limited and Victoria Circle Trustee 2 Limited. The joint venture operates its business of property development and investment in the United Kingdom.

The Company owns 24.995% of Nova Residential Limited Partnership which is a joint venture and draws up accounts to 31 March 2018. Nova Residential Limited Partnership is a joint venture between LS Victoria Circle LP1 Limited, LS Victoria Circle LP2 Limited, Victoria Circle Trustee 1 Limited and Victoria Circle Trustee 2 Limited. The joint venture operates its business of property development in the United Kingdom.

The directors believe that the carrying value of the investments is supported by the fair value of the joint ventures.

LS VICTORIA CIRCLE LP2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

7. Trade and other receivables

	2018 £000	2017 £000
Current tax assets	-	253
Total current trade and other receivables	-	253
Non-current amounts due from related parties	35,748	-
Total trade and other receivables	35,748	253

Within amounts due from related parties is £26,543,000 due from Victoria Circle Limited Partnership and £9,205,000 due from Nova Residential Limited Partnership. These amounts represent interest charged on partners' advances at 5.0% per annum (2017: 5.0%). The interest is repayable at the same time the partners' advances are due.

8. Amounts due from related parties

	2018 £000	2017 £000
Amounts due from Victoria Circle Limited Partnership	-	20,349
Amounts due from Nova Residential Limited Partnership	-	7,225
Total amounts due from related parties	-	27,574

9. Trade and other payables

Total trade and other payables

10. Amounts owed to Group undertakings

	2018 £000	2017 £000
Amounts owed to Group undertakings - fellow subsidiary	164,611	182,358
Total amounts owed to Group undertakings	164,611	182,358

The unsecured amounts owed to Group undertakings are repayable on demand with no fixed repayment date. Interest is charged at 4.26% per annum (2017: 4.5%).

11. Share capital

	Authorised and issued		Allotted and fully paid	
	2018 Number	2017 Number	2018 £000	2017 £000
Ordinary shares of £1.00 each	1	1	-	-
	1	1	-	-

LS VICTORIA CIRCLE LP2 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

12. Cash flow statement exemption

The Company is a wholly owned subsidiary of Land Securities Group PLC which prepares a consolidated cash flow statement. The Company has therefore elected to make use of the exemption provided in FRS 101 not to produce its own cash flow statement.

13. Parent company

The immediate parent company is LC25 Limited.

The ultimate parent company and controlling party at 31 March 2018 was Land Securities Group PLC, which is registered in England and Wales. This is the largest parent company of the Group to consolidate these financial statements.

Consolidated financial statements for the year ended 31 March 2018 for Land Securities Group PLC can be obtained from the Company Secretary, 100 Victoria Street, London, SW1E 5JL. This is the largest and smallest Group to include these accounts in its consolidated financial statements.