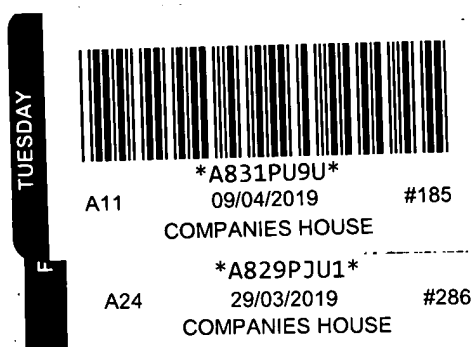


LONDON AND FRANKFURT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Company Registration No. 08564458 (England and Wales)



LONDON AND FRANKFURT LIMITED

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LONDON AND FRANKFURT LIMITED

SUMMARY INFORMATION

For the year ended 30 June 2018

Name

London and Frankfurt Limited

Directors

Helen Forbes
John Forbes

Company Number

08564458

Registered Office

12 Ashville Road
Birkenhead
Prenton
CH43 8SA
United Kingdom

LONDON AND FRANKFURT LIMITED

DIRECTORS' REPORT

For the year ended 30 June 2018

The directors present their report and financial statements for the year ended 30 June 2018. The Directors' Report has been prepared in accordance with the provisions relating to small companies under section 415A of the Companies Act 2006. The directors have also taken advantage of the small companies exemption under section 414B of the Companies Act 2006 in relation to the inclusion of a strategic report.

Principal activity

The Company was incorporated on 11 June 2013. The Company's principal activity is the holding of investments in real estate management businesses.

The Company owns 5.1% of Principal Real Estate Spezialfondsgesellschaft mbH (formerly Internos Spezialfondsgesellschaft mbH), a German regulated manager of German "Spezialfonds", which was acquired on 1 November 2013.

On 13 November 2017, the company acquired 5.1% of Principal Real Estate Kapitalverwaltungsgesellschaft mbH (formerly Internos Global Investors Kapitalverwaltungsgesellschaft mbH).

Business review

The financial statements for the year ended 30 June 2018 are set out on pages 4 to 14. The profit for the year was £39,943 (2017: loss £11,849).

On 21 December 2017, the company received €61,200 (Pound Sterling equivalent £53,354) dividends from Principal Real Estate Spezialfondsgesellschaft mbH, which is subject to 15% withholding tax and foreign exchange movement. The net dividend received was £45,351.

Going concern

The related parties, who have provided interest free loans to the Company, have confirmed that repayment of the loans will not be demanded and that the loans will be subordinated to the Company's other lenders and creditors for a period of 12 months from the signing date of these financial statements.

Therefore, the directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors

The directors who served throughout the year and to the date of this report were as follows:

Helen Forbes
John Forbes

Approved by the Board of Directors on 28 March 2019 and signed on its behalf by:



Helen Forbes
Director

LONDON AND FRANKFURT LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 30 June 2018

The directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

LONDON AND FRANKFURT LIMITED**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 30 June 2018

	Notes	2018 £	2017 £
Operating costs			
Administrative expenses		(5,408)	(11,849)
Operating loss		(5,408)	(11,849)
Dividend income		45,351	-
Profit/(Loss) before tax		39,943	(11,849)
Tax	6	-	-
Profit/(Loss) for the year		39,943	(11,849)
Total comprehensive income/(loss)		39,943	(11,849)

The income/(loss) above was derived from continuing operations.

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

LONDON AND FRANKFURT LIMITED

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	2018 £	2017 £
Non-current assets			
Investments	12	261,682	127,751
		<u>261,682</u>	<u>127,751</u>
Current assets			
Cash and cash equivalents	11	8,333	8,797
		<u>8,333</u>	<u>8,797</u>
Total assets		<u>270,015</u>	<u>136,548</u>
Current liabilities			
Trade and other payables	7	(12,138)	(11,579)
Borrowings	8	(275,965)	(183,000)
Total current liabilities		<u>(288,103)</u>	<u>(194,579)</u>
Total liabilities		<u>(288,103)</u>	<u>(194,579)</u>
Net liabilities		<u>(18,088)</u>	<u>(58,031)</u>
Equity			
Share capital	9	1,000	1,000
Retained losses	10	(19,088)	(59,031)
Equity attributable to owners of the Company		<u>(18,088)</u>	<u>(58,031)</u>

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

For the year ended 30 June 2018, the Company was entitled to an exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors have not required the Company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

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

The financial statements of London and Frankfurt Limited (registered number 08564458) were approved and authorised for issue by the Board of Directors on 28 March 2019.



Helen Forbes
Director

LONDON AND FRANKFURT LIMITED**STATEMENT OF CHANGES IN EQUITY**

For the year ended 30 June 2018

	Share capital	Retained losses	Total equity
	£	£	£
Balance at 1 July 2016	1,000	(47,182)	(46,182)
Loss for the year	-	(11,849)	(11,849)
Balance at 30 June 2017	<u>1,000</u>	<u>(59,031)</u>	<u>(58,031)</u>
Balance at 1 July 2017	1,000	(59,031)	(58,031)
Profit for the year	-	39,943	39,943
Balance at 30 June 2018	<u>1,000</u>	<u>(19,088)</u>	<u>(18,088)</u>

LONDON AND FRANKFURT LIMITED

CASH FLOW STATEMENT
For the year ended 30 June 2018

	Notes	2018 £	2017 £
Operating loss for the year		(5,408)	(11,849)
Adjustment for:			
Increase in trade payables		559	7,833
Net cash used in operating activities		(4,849)	(4,016)
Financing activities			
Additional borrowings		140,975	-
Repayments of borrowings		(48,010)	-
Net cash generated from financing activities		92,965	-
Investing activities			
Additional investments		(133,931)	-
Dividend received		45,351	-
Net cash used in investing activities		(88,580)	-
Net decrease in cash and cash equivalents		(464)	(4,016)
Cash and cash equivalents brought forward		8,797	12,813
Cash and cash equivalents at end of year	11	8,333	8,797

LONDON AND FRANKFURT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

1. General information

London and Frankfurt Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's principal activity is set out in the Directors' Report on page 2.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

3. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Going concern

The related parties who have provided interest free loans to the Company have confirmed that the loans will be maintained and subordinated to the Company's other lenders and creditors for a period of 12 months from the signing date of these financial statements.

Therefore, the directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Cash and cash equivalents

Assets are classified as cash equivalents if they are readily convertible to cash and are not subject to significant changes in value. The Company has classified short-term bank deposits as cash equivalents.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

3. Accounting Policies (continued)

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit and loss' (FVTPL), 'held to maturity investments', 'available for sale financial assets' (AFS) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company's financial assets consist of its investment which is classified as AFS.

Available for sale financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held to maturity investments or (c) financial assets at fair value through profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each period end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the net asset value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the net asset value has been below its original cost. When there is evidence of an impairment, the cumulative loss – measured as the difference between the acquisition cost and the recoverable amount, less any impairment loss on that investment previously recognised in profit or loss – is recognised in profit or loss.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment losses on equity investments are not reversed through the profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'. The Company's financial liabilities consist of its trade and other payables and borrowings and are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

LONDON AND FRANKFURT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

3. Accounting Policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the period end date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax is reviewed at each period end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the period end date. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also dealt with in other comprehensive income or directly in equity respectively.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Dividend revenue

Dividend income from investments is recognised when shareholders' rights to receive payment have been established, provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably.

Foreign currencies

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

LONDON AND FRANKFURT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

5. Staff costs

No staff were employed by the Company and no directors' remuneration was paid during the year (2016: £nil). Transactions with the directors are disclosed in Note 14 Related party transactions.

6. Tax

There is no tax charge for the year and the reconciliation to the profit/(loss) per the statement of comprehensive income is as follows:

	2018 £	2017 £
Profit/(Loss) on ordinary activities before tax	39,058	(11,849)
At corporation tax in the UK of 19% (2017: 19.75%)	7,421	(2,340)
Non-taxable income	(8,617)	-
Unutilised tax losses arising in the year	1,196	2,340
Current tax charge for the year	-	-

A deferred tax asset has not been recognised for unused tax losses carried forward as it is not sufficiently probable, based on current projections, that there will be sufficient taxable profit against which the loss or credit carried forward can be utilised.

Legislation was introduced in the Finance (no 2) Act 2015 to reduce the main rate of corporation tax for all non-ring fenced profits to 19% from 1 April 2017 and reduce it to 18% from 1 April 2020. It was announced at the 2016 Budget that the corporation tax rate would be further reduced to 17% from 1 April 2020. The future rate changes are not expected to have a material impact on these financial statements.

7. Trade and other payables

	2018 £	2017 £
Trade creditors	1,021	3,120
Accruals	11,117	8,459
	12,138	11,579

8. Borrowings

	2018 £	2017 £
Loans from related parties (Note 14)	275,965	183,000

The related party loans are interest free and have no fixed terms of repayments.

LONDON AND FRANKFURT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

9. Share capital	2018 £	2017 £
Authorised, issued and fully paid		
600 ordinary shares of £1 each	600	600
400 preference shares of £1 each	400	400
	<u>1,000</u>	<u>1,000</u>

On a show of hands each holder of ordinary and preference shares has one vote and on a poll each holder has one vote per share held. Dividends may be paid to the holders of one or more classes of shares to the exclusion of the others or to all classes of shares, in each case at the same time and at differing rates as determined by ordinary resolution or resolution of the directors. Each share ranks equally for any distribution made on winding up and no shares are redeemable.

10. Retained losses	2018 £	2017 £
Balance at start of the year	(59,031)	(47,182)
Net profit/(loss) for the year	39,943	(11,849)
	<u>(19,088)</u>	<u>(59,031)</u>

11. Cash and cash equivalents	2018 £	2017 £
Cash and bank balances	<u>8,333</u>	<u>8,797</u>

This balance represents cash held in a bank.

12. Investments

On 1 November 2013, the Company acquired 5.1% of Principal Real Estate Spezialfondsgesellschaft mbH (formerly Internos Spezialfondsgesellschaft mbH) for €357,000 plus transaction costs of €1,480.

On 14 November 2017, the Company acquired 5.1% of Principal Real Estate Kapitalverwaltungsgesellschaft mbH (formerly Internos Global Investors Kapitalverwaltungsgesellschaft mbH) for €150,000.

Details of the Company's investment at 30 June 2018 are as follows:

Name	Place of incorporation (or registration) and operation	Proportion of ownership interest	Proportion of voting power held
Principal Real Estate Spezialfondsgesellschaft mbH (formerly Internos Spezialfondsgesellschaft mbH)	Germany	5.1%	5.1%
Principal Real Estate Kapitalverwaltungsgesellschaft mbH (formerly Internos Global Investors Kapitalverwaltungsgesellschaft mbH)	Germany	5.1%	5.1%

LONDON AND FRANKFURT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

12. Investments (continued)

The investment is stated at cost, less any provisions for impairment. The values of investments were converted from Euro to Pound Sterling at the date of acquisition.

	2018 £	2017 £
Cost		
At 1 July	127,751	127,751
Additions	133,931	-
	<u>261,682</u>	<u>127,751</u>
At 30 June		
	<u>261,682</u>	<u>127,751</u>
Net book value		
Net book value at 30 June	<u>261,682</u>	<u>127,751</u>

13. Financial instruments

Capital risk

The Company's debt is unsecured. The capital structure of the Company consists of cash and cash equivalents, and equity attributable to the shareholders comprising issued capital and retained earnings. The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

Credit risk

The Company is subject to credit risk on its cash and cash equivalents. The maximum credit risk exposure relating to cash and cash equivalents is represented by carrying value as at the period end date. The Company's cash is held with an AA- credit rated counterparty.

Liquidity risk

The Company manages liquidity risk by regularly and rigorously reviewing cash flow forecasts and available funding options.

Fair value

The fair value of cash, trade and other payables and borrowings approximate their carrying amounts due to the short-term maturities of these instruments.

Categories of financial instruments

	2018 £	2017 £
Financial assets		
Cash and bank balances	8,333	8,797
Available for sale financial assets	<u>261,682</u>	<u>127,751</u>
Financial liabilities		
Other	<u>288,103</u>	<u>194,579</u>

LONDON AND FRANKFURT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2018

14. Related party transactions

Jonathan Short, a shareholder of the Company, provided a total loan to the Company of £172,000. At 30 June 2018, £92,000 (2017: £61,000) remained outstanding and is included in borrowings.

Andrew Thornton, a shareholder of the Company, provided a total loan to the Company of £172,000. At 30 June 2018, £92,000 (2017: £61,000) remained outstanding and is included in borrowings.

Richard Peskin, a shareholder of the Company, provided a total loan to the Company of £160,250. At 30 June 2018, £68,750 (2017: £45,500) remained outstanding and is included in borrowings.

Paul Muno, a shareholder of the Company, provided a total loan to the Company of £42,975. At 30 June 2018, £23,215 (2017: £15,500) remained outstanding and is included in borrowings.

All related party loans above are interest free and repayable on demand.

Helen Forbes and John Forbes are the directors of the Company and are partners in John Forbes Consulting LLP. During the year, John Forbes Consulting LLP provided management and administration services to London and Frankfurt Limited totalling £3,106 (including £1,200 invoiced during the year and £1,906 accrued for the period 1 January 2018 to 30 June 2018).

15. Ultimate controlling party

The directors are of the opinion that there is no ultimate controlling party.

16. Subsequent events

No significant subsequent events that requires adjustments to these financial statements.