

IMP Investments HSBC Limited

Directors' Report and Financial Statements

Year Ended

31 December 2019

Company Number 11302813

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IMP Investments HSBC Limited

Company Information

Directors	T Wooldridge G Hutton A Clarke J Hammond
Company secretary	R Croft
Registered number	11302813
Registered office	The Gate International Drive Solihull B90 4WA
Independent auditor	BDO LLP 55 Baker Street London W1U 7EU

IMP Investments HSBC Limited

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IMP Investments HSBC Limited

Directors' report For the year ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Directors' responsibilities statement

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; 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. 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.

Results and dividends

The profit for the year, after taxation, amounted to £10,615,727 (9 month period ended 31 December 2018: £972,418).

The directors have not paid or proposed any dividends during the year (9 month period ended 31 December 2018: £Nil).

Directors

The directors who served during the year were:

T Wooldridge
G Hutton
A Clarke
J Hammond

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.

IMP Investments HSBC Limited

Directors' report (continued)
For the year ended 31 December 2019

Going concern

At 31 December 2019, the Company had net current liabilities of £33,065,071 which primarily arose as a result of on demand loan facilities provided by fellow group undertakings. Until such time as the Company is able to generate sufficient revenues to repay the loan due to its fellow group undertakings, it is reliant on the support of those group undertakings to continue to make existing facilities available and provide additional funding to finance any shortfall on the ongoing operating costs of the Company.

The directors have also considered the general economic uncertainties that have arisen due to the COVID-19 global pandemic. I.M. Properties Plc has indicated its present intention to provide the necessary level of financial support to enable the Company to weather the impact of COVID-19 and satisfy its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date of approving these financial statements. As the Company is reliant on the support of I.M. Properties Plc, it is considered appropriate to also refer to the group financial statements which set out the wider group implications of the pandemic and the group's assessment of its basis of preparing its financial statements as a going concern. It is on that basis that the directors have determined that the Company should prepare its financial statements as a going concern.

Post balance sheet events

Since the year end, the directors recognise the impact that the COVID-19 global pandemic has had on the wider UK economy and the group to which the Company belongs. Given the property investment nature of the Company, the directors consider the Company to also be similarly impacted. Details of the impact of the pandemic on the group are set out in the financial statements of the company's parent, I.M. Properties Plc.

In February 2020, the Company completed on the sale of two investment properties, consideration in respect of these properties was £2,100,000 and £2,653,000. Bank funding of £2,823,000 was repaid as a result of these sales.

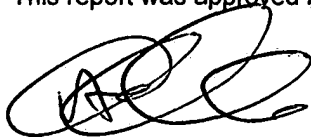
Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

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

This report was approved by the board on 23 July 2020 and signed on its behalf.



A Clarke
Director

IMP Investments HSBC Limited

Independent auditor's report to the members of IMP Investments HSBC Limited

Opinion

We have audited the financial statements of IMP Investments HSBC Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Income and Retained Earnings, the Balance Sheet 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 December 2019 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.

IMP Investments HSBC Limited

Independent auditor's report to the members of IMP Investments HSBC Limited (continued)

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 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.

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.

IMP Investments HSBC Limited

Independent auditor's report to the members of IMP Investments HSBC Limited (continued)

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.

BDO LLP

Geraint Jones (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

Date: 27 July 2020

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

IMP Investments HSBC Limited

Statement of income and retained earnings For the year ended 31 December 2019

	Note	Year ended 31 December 2019 £	9 months ended 31 December 2018 £
Turnover	4	4,229,002	62,049
Cost of sales		(4,300)	-
Gross profit		4,224,702	62,049
Administrative expenses		(101,990)	(63,821)
Profit on disposal of investment property	5	1,155,739	-
Gain on fair value of investment property	5	9,400,929	1,954,022
Operating profit	5	14,679,380	1,952,250
Interest payable and similar charges	7	(2,148,825)	(787,696)
Profit before taxation		12,530,555	1,164,554
Taxation on profit	8	(1,914,828)	(192,136)
Profit for the year/period and total comprehensive income		10,615,727	972,418
Retained earnings at the beginning of the year/period		972,418	-
		972,418	-
Total comprehensive income for the year/period		10,615,727	972,418
Retained earnings at the end of the year/period		11,588,145	972,418

The notes on pages 8 to 18 form part of these financial statements.

IMP Investments HSBC Limited
Registered number:11302813

Balance sheet
As at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Investment property	9	89,225,888	38,028,941
Current assets			
Stocks	10	261,666	-
Debtors: amounts falling due within one year	11	510,454	13,177,855
Cash and cash equivalents	12	35,079	162,748
		<u>807,199</u>	<u>13,340,603</u>
Current liabilities			
Creditors: amounts falling due within one year	13	(33,872,270)	(264,842)
Net current (liabilities)/assets		<u>(33,065,071)</u>	<u>13,075,761</u>
Total assets less current liabilities		<u>56,160,817</u>	<u>51,104,702</u>
Creditors: amounts falling due after more than one year	14	(43,012,500)	(49,800,000)
Provisions for liabilities			
Deferred tax	16	(1,560,072)	(332,184)
Net assets		<u><u>11,588,245</u></u>	<u><u>972,518</u></u>
Capital and reserves			
Called up share capital	17	100	100
Profit and loss account	18	11,588,145	972,418
		<u><u>11,588,245</u></u>	<u><u>972,518</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 July 2020


A Clarke
Director

The notes on pages 8 to 18 form part of these financial statements.

IMP Investments HSBC Limited

Notes to the financial statements For the year ended 31 December 2019

1. General information

IMP Investments HSBC Limited is a private company incorporated in England and Wales under the Companies Act. It is a company limited by shares. The address of the registered office is given on the company information page. The principal activity of the Company is property investment.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The financial statements are drawn up to the nearest whole £, except where otherwise indicated.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of I.M. Properties Plc as at 31 December 2019 and these financial statements may be obtained from Companies House.

IMP Investments HSBC Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.3 Going concern

At 31 December 2019, the Company had net current liabilities of £33,065,071 which primarily arose as a result of on demand loan facilities provided by fellow group undertakings. Until such time as the Company is able to generate sufficient revenues to repay the loan due to its fellow group undertakings, it is reliant on the support of those group undertakings to continue to make existing facilities available and provide additional funding to finance any shortfall on the ongoing operating costs of the Company.

The directors have also considered the general economic uncertainties that have arisen due to the COVID-19 global pandemic. I.M. Properties Plc has indicated its present intention to provide the necessary level of financial support to enable the Company to weather the impact of COVID-19 and satisfy its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date of approving these financial statements. As the Company is reliant on the support of I.M. Properties Plc, it is considered appropriate to also refer to the group financial statements which set out the wider group implications of the pandemic and the group's assessment of its basis of preparing its financial statements as a going concern. It is on that basis that the directors have determined that the Company should prepare its financial statements as a going concern.

2.4 Turnover

Turnover comprises of rents receivable less value added tax.

Rental income from operating leases is credited to the Statement of income and retained earnings on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

2.5 Borrowing costs

All borrowing costs are recognised in the Statement of income and retained earnings using the effective interest method.

IMP Investments HSBC Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.6 Current and deferred taxation

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the Balance sheet date in the countries where the Company operates and generates income.

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the Balance sheet date.

2.7 Investment property

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

2.8 Stocks

Stocks and land under development are stated at cost, including attributable direct overheads, reduced to estimated net realisable value where appropriate.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

IMP Investments HSBC Limited

Notes to the financial statements For the year ended 31 December 2019

2. Accounting policies (continued)

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors (excluding prepayments) and creditors (excluding deferred income), loans from banks and other third parties, and loans from related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in the case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the Balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

IMP Investments HSBC Limited

Notes to the financial statements For the year ended 31 December 2019

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

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

- valuations performed by the directors have been used as the fair value of investment properties. The valuation is performed according to RICS rules, using appropriate levels of professional judgement for the prevailing market conditions. Professional judgement is applied in determining such things as appropriate yield for a given property and estimated rental value.
- determine whether there are any indications of impairment of the amounts due from the group undertakings. Factors taken into consideration in reaching such a decision include the financial position and the expected future financial performance of that entity.
- determine whether there are any indications of impairment of the carrying value of land under development. Professional judgement is applied in determining whether the carrying value of land under development is in excess of the net realisable value. Factors taken into consideration in reaching such a decision include the development potential, planning prospects and prevailing market conditions.

4. Turnover

Turnover is wholly attributable to the principal activity of property rental and arises solely within the United Kingdom.

5. Operating profit

The operating profit is stated after crediting:

	Year ended 31 December 2019 £	9 months ended 31 December 2018 £
Fair value gain on investment property	9,400,929	1,954,022
Profit on disposal on investment property	1,155,739	-

The auditor's remuneration is borne by another group company.

6. Employees

The directors, the only employees of the Company, did not receive remuneration for their services in relation to the Company.

IMP Investments HSBC Limited

Notes to the financial statements For the year ended 31 December 2019

7. Interest payable and similar charges

	Year ended 31 December 2019 £	9 months ended 31 December 2018 £
Bank interest payable	1,419,479	787,696
Financial arrangement fee	82,390	-
Fair value movement on financial instruments	646,956	-
	<u>2,148,825</u>	<u>787,696</u>

8. Taxation

	Year ended 31 December 2019 £	9 months ended 31 December 2018 £
Corporation tax		
Corporation tax	686,940	-
Group taxation relief	-	(140,048)
Total current tax	<u>686,940</u>	<u>(140,048)</u>
Deferred tax		
Origination and reversal of timing differences	1,227,888	332,184
Total deferred tax	<u>1,227,888</u>	<u>332,184</u>
Taxation on profit	<u>1,914,828</u>	<u>192,136</u>

IMP Investments HSBC Limited

Notes to the financial statements For the year ended 31 December 2019

8. Taxation (continued)

Factors affecting tax charge for the year/period

The tax assessed for the year/period is lower than (period ended 31 December 2018: lower than) the standard rate of corporation tax in the UK of 19% (period ended 31 December 2018: 19%). The differences are explained below:

	Year ended 31 December 2019 £	9 months ended 31 December 2018 £
Profit before tax	12,530,555	1,164,554
Profit multiplied by standard rate of corporation tax in the UK of 19% (period ended 31 December 2018: 19%)	2,380,805	221,265
Effects of:		
Fixed asset differences	(322,711)	-
Expenses not deductible for tax purposes	1,191	9,951
Adjust closing deferred tax to average rate	(144,457)	(39,080)
Total tax charge	1,914,828	192,136

Factors that may affect future tax charges

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. This will increase the Company's future tax charge accordingly.

IMP Investments HSBC Limited

Notes to the financial statements For the year ended 31 December 2019

9. Investment property

	Freehold investment properties £
Valuation	
At 1 January 2019	38,028,941
Additions at cost	46,606,018
Disposals	(4,810,000)
Surplus on revaluation	9,400,929
At 31 December 2019	89,225,888

The 31 December 2019 valuations were made by the directors, on an open market value for existing use basis.

Investment properties are professionally valued annually using a yield methodology based upon comparable evidence available in the market. There is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

The historical cost of the freehold properties at 31 December 2019 was £77,870,937 (2018: £36,074,919).

10. Stocks

	2019 £	2018 £
Land under development	261,666	-

11. Debtors

	2019 £	2018 £
Amounts owed by group undertakings	-	12,629,872
Other debtors	-	4,004
Prepayments and accrued income	504,943	543,979
Derivative financial instruments	5,511	-
	510,454	13,177,855

All amounts shown in debtors fall due for payment within one year.

IMP Investments HSBC Limited

Notes to the financial statements For the year ended 31 December 2019

12. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	35,079	162,748

13. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank loans (secured)	3,093,000	-
Amounts owed to group undertakings	27,866,111	-
Corporation tax	686,940	-
Other creditors	1,394,891	-
Accruals and deferred income	346,240	264,842
Derivative financial instruments	485,088	-
	<u>33,872,270</u>	<u>264,842</u>

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

	2019 £	2018 £
Bank loans (secured)	43,012,500	49,800,000

15. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Bank loans due within one year	3,093,000	-
Bank loans due in more than one year but no more than two years	270,000	6,450,000
Bank loans due in more than two year but no more than five years	42,742,500	43,350,000
	<u>46,105,500</u>	<u>49,800,000</u>

The loans are secured over the properties of the Company and fellow subsidiaries. IMP Investments Limited and I.M. Properties Plc have given a guarantee to the bank in respect of the loans.

IMP Investments HSBC Limited

Notes to the financial statements For the year ended 31 December 2019

16. Deferred taxation

	2019 £
At beginning of year	(332,184)
Charged to profit or loss	(1,227,888)
At end of year	(1,560,072)

The deferred tax balance is made up as follows:

	2019 £	2018 £
Short term timing differences	81,528	-
Capital gains	(1,641,600)	(332,184)
	<u>(1,560,072)</u>	<u>(332,184)</u>

17. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

18. Reserves

The profit and loss account is the cumulative comprehensive income less items recognised in other equity reserves.

19. Commitments under operating leases

At 31 December 2019 the Company had contracted with tenants, under non-cancellable operating leases, for the following future minimum lease receivables:

	2019 £	2018 £
Not later than 1 year	4,353,157	1,756,456
Later than 1 year and not later than 5 years	17,412,627	7,025,823
Later than 5 years	78,185,439	42,093,887
	<u>99,951,223</u>	<u>50,876,166</u>

IMP Investments HSBC Limited

Notes to the financial statements For the year ended 31 December 2019

20. Related party transactions

The Company is controlled by I.M. Properties Plc. The immediate parent company is IMP Investments Limited, which owns 100% of the issued share capital. The Company's ultimate controlling party is Lord Edmiston who has the control of the majority of the issued share capital of I.M. Group Limited, through his interest in IMG Jersey Holdings Ltd, the ultimate parent company.

The Company is a wholly owned subsidiary of I.M. Group Limited and has taken advantage of the exemption conferred by FRS 102 paragraph 33.1 A not to disclose transactions with I.M. Group Limited or other wholly owned subsidiaries within the group.

21. Controlling party

The ultimate parent company is IMG Jersey Holdings Limited, a company incorporated in Jersey.

The largest group in which the results of the Company are consolidated is that headed by I.M. Group Limited, incorporated in England and Wales. The smallest group in which they are included is that headed by I.M. Properties Plc, incorporated in England and Wales. The consolidated financial statements are available to the public and may be obtained from Companies Registration Office, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

22. Post balance sheet events

Since the year end, the directors recognise the impact that the COVID-19 global pandemic has had on the wider UK economy and the group to which the Company belongs. Given the property investment nature of the Company, the directors consider the Company to also be similarly impacted. Details of the impact of the pandemic on the group are set out in the financial statements of the Company's parent, I.M. Properties Plc.

In February 2020, the Company completed on the sale of two investment properties, consideration in respect of these properties was £2,100,000 and £2,653,000. Bank funding of £2,823,000 was repaid as a result of these sales.