London & Partners Limited

Registered number 07493460

Directors' report and financial statements

For the year ended 31 March 2018

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Strategic report

Review of the group's business

Principal activities

London & Partners Limited ("the company"), a company limited by guarantee, is the Mayor of London's official promotional agency. Its purpose is to support the Mayor's priorities by promoting London internationally as a leading world city in which to invest, work, study and visit. It tells London's story brilliantly to an international audience in partnership with organisations and people who have a stake in London's promotion. The company and group as a whole are not-for-profit, funded by the Mayor of London, via a grant from the Greater London Authority (GLA), European and national funds, a network of partners and other commercial ventures run by its subsidiary companies. The group is headquartered in London with offices in Beijing, Shanghai, Shenzhen, Mumbai, New York, Los Angeles, San Francisco and Chicago with plans to open offices in Bangalore, Paris and Berlin in 2018. The group consists of the parent company, London & Partners Limited, which undertakes the principal activity of the promotion of London, and its four wholly owned subsidiaries which operate the group's overseas branches and run the group's commercial activities.

Business review and financial position

The company is supported by a grant from the GLA and other income from the public and private sectors. During the year ended 31 March 2018 the group recorded grant income from the GLA of £11.9 m (2017: £11.9m) and raised other grants of £2.7m (2017: £0.2m) and £11.6m (2017: £10.8m) of additional income. The group also generated £4.8m (2017: £4.0m) of value in kind contributions in support of its activities which are provided by partners but are not recorded in the company's financial statements. Value in kind received includes contributions to the media and production costs of leisure tourism promotional campaigns, facilities and hospitality donated to support promotional and business events and office space donated for the use of FDI clients.

The company's subsidiary, Dot London Domains Limited launched the new top level domain name for London in July 2014 and operates the registry for all domain names ending in .london. The subsidiary recorded revenue of £4.8m for the year (2017: £3.9m) and net profit after tax of £1.8m (2017: £1.9m). The increase in revenue for the year reflects a 2% decrease (2017: 15% decrease) in revenue from domain sales during the period outweighed by higher contractual income. A similar level of profit has been maintained after a significant investment in marketing during the year. All profits are either retained for the operation of the business or distributed to London & Partners Limited, the company's parent, to fund the parent company's principal not-for-profit activity of the promotion of London.

An additional subsidiary of the company, London & Partners Ventures Limited, became operational in 2016/17 to manage most of the group's commercial activities. The subsidiary recorded revenue of £3.7m (2017: £2.8m) for the year and net profit after tax of £0.3m (2017: £2k). This reflects another good performance by the company's ecommerce activities which maintained a consistent level of revenue on the previous year's increase of 39%. A full year of sponsorship of the London Visitor App is also included as well as income from the newly launched "Play London with Mr Bean" game and a significantly higher level of sponsorship of the Travel Tech lab in comparison to the previous year. The net profit is calculated after accounting for the costs of all services provided to the company by its parent. All profits are either retained for the operation of the business or distributed to London & Partners Limited, the company's parent, to fund the parent company's principal not-for-profit activity of the promotion of London.

During 2017/18 the company continued to drive efficiency savings and, since its creation in 2011, has seen an improvement in its return on investment from 13:1 to 15:1. The group surplus for the year reported on page 12 will be carried forward and used in future years' promotional activity.

The balance sheets at 31 March 2018 reflect the group's investment in intangible assets during the year including the development of the visitlondon.com website and the London Visitor App. Debtors in 2018 include a number of significant amounts billed in advance at the end of the year for 2018/19 and accrued income for grants paid in arrears. There are no recoverability issues with respect to these items. The increase in creditors reflects the corresponding deferred income for the amounts billed or received in advance. The accounts have been prepared on the going concern basis based on the directors' assessment of the company's financial position and the forecast for the next 12 months. At the date of approval of these financial statements, a three year grant agreement is in place ending on 31 March 2021. A reserve created for the purpose of winding down activities if funding is not continued is held on the company's behalf by the GLA and the potential costs involved are re-assessed every year.

Strategic report *(continued)*
Review of the group's business *(continued)*

Performance review

2017/18 was a year of transition for London & Partners. The company had delivered the final year of its three-year corporate strategy in 2016/17 and the decision had been taken to defer the development of a new three-year strategy until Laura Citron took up her role as CEO in May 2017. A one-year business plan was therefore developed to realise the company's mission "to tell London's story brilliantly to an international audience by devising creative ways to promote London and amplify the Mayor's messages, priorities and campaigns". The objectives set for the year were to:

- Create and protect jobs and growth, aligned with the Mayor's priorities, with a focus on London's key sectors;
- Enhance London's reputation, including utilising the London is Open campaign, as an outward facing, open city which is an excellent place to grow a business, to visit, study, work and in which to invest;
- Maximise our impact by ensuring we continue to attract additional resources to match our GLA grant and continue to work efficiently and effectively, focussing on our core remit.

Key performance indicators for the company included: the Gross Value Added (GVA) generated solely as a result of its sales and marketing activities; the additional jobs created or retained from its trade and investment activities; and the amount of income generated from sources other than the GLA grant. The group exceeded all of these targets as set out below:

Key Performance Indicator	Target 2017/18	Actual 2017/18	Actual 2016/17
Total GVA attributed from delivering economic benefit	£311m	£392m	£341m
Total number of jobs created or retained	5,331	7,343	10,130
Non-GLA Grant Funding	£14.1m	£16.0m	£12.3m

Despite Brexit and the uncertainty facing global businesses, the company helped 311 overseas companies to set up or expand their business in London, creating or retaining 6,248 jobs adding £130m to London's economy. The Mayor's International Business Programme went from strength to strength with 226 companies joining the programme which supports companies in the life sciences, technology, urban and creative sectors to scale their activities through international expansion. The programme delivered 13 trade missions including accompanying the Mayor of London, Sadiq Khan, on visits to India and Pakistan and the Deputy Mayor for Business, Rajesh Agrawal, on missions to Paris, Vienna and San Francisco. The Mayor also launched a campaign at the SXSW tech conference in Austin in March 2018 to promote London as an inclusive city in which to grow a tech business, targeting ambitious start-ups based on the USA's West Coast. A short film was created for the event and promoted through traditional and social media. The video was viewed 1.6m times and 500 pieces of international media were generated with #BehindEveryGreatCity trending at the festival.

The company's work to attract more overseas students continued to attract significant numbers to its digital platform, StudyLondon.ac.uk, and referred almost 35,000 students to London's universities, generating an additional £26m of GVA for the London economy. London & Partners joined forces with 11 of the capital's universities to launch an International Student campaign designed to promote London as a welcoming and diverse city. The campaign video, with versions in Mandarin, Spanish and Italian, reached 3.9m while blogs were read in more than 100 countries. London & Partners' hard work paid off in spring 2018, when the QS Best Student Cities Ranking rated the capital as the world's best student city. The report found that London has more globally ranked universities than any other city and awarded high scores for quality of life, employability prospects and student diversity.

Strategic report *(continued)*
Review of the group's business *(continued)*

Performance review (*continued*)

The company supported 847 events and future conferences and congresses to London which will attract 284,930 delegates to the city adding £55m to London's economy. A number of large and prestigious congresses were attracted to the capital including the return of the European Society of Cardiology which last held its summit in London in 2015, injecting £100m into the city and attracting more than 32,700 delegates from 140 countries. A strong case was made for the world's biggest gathering of heart specialists to return in 2021, which was successful, sending a positive message about London continuing to be open despite the UK's vote to leave the EU.

London also attracted and hosted a diverse range of sporting and cultural events during the year that were attracted and facilitated with the support of London & Partners, generating £24m of economic benefit. These included the fifth annual RideLondon Festival of Cycling and the NFL International Series. In addition, the group's major events team supported the return of Lumiere London in January 2018. The light festival which originally came to London in 2016, returned bigger and brighter, transforming the city into a spectacular open-air art gallery over four nights and drawing 1.4 million visitors. London & Partners promoted the festival vigorously through national and international media campaigns and press launches, our website visitlondon.com and social media channels, with over 6.5 million downloads of the bespoke Lumiere London app.

Activity to attract more leisure tourists to London generated £156m GVA during the year. As a response to the terrorism attacks in the first quarter of the year, London & Partners joined forces with some of the biggest stars in sport, music, entertainment and business to globally promote London as a vibrant and inclusive city. The #LondonIsOpen hashtag spearheaded a campaign to promote the city's cultural offering throughout the summer of 2017. The Campaign was supported by over 50 partners, including the Museum of London, The Shard, University of London, London Transport Museum and the Coca-Cola London Eye, who shared campaign content and attracted visitors with special offers. The company also ran its Autumn Season Campaign for the fourth consecutive year, which is designed to bolster visitor numbers during traditionally quieter months. The campaign targeted visitors from France and the USA with VisitBritain, United Airlines and Heathrow Airport as strategic partners. It proved the most successful Autumn Season to date, reaching 100 million people in target markets and the influencer campaign returning £12 for every £1 spent. London & Partners also published a new Tourism Vision for London. Developed with over 100 leading tourism players and launched by the Mayor of London, the Vision set out a strategy for growth and how London could attract more than 40 million visitors a year by 2025, around a third up on 2016, with visitors forecast to generate £22 billion a year into the city's economy.

During the year, London & Partners continued to strengthen London's reputation as a centre for technology. A record 55,000 visitors from around the globe gathered to socialise, network, learn and forge business partnerships at the third annual London Tech Week, with over 800 speakers and 200 events making it Europe's largest tech festival. Highlights included The Europas – the premier awards ceremony for Europe's hottest tech startups, the UK's first professional drone race and a VIP dinner hosted in partnership with The Prince's Trust. The event, organised by co-founders London & Partners, KNect365 and Tech London Advocates, with support from Tech City UK, ExCeL London, DIT and techUK, generated over 3,000 pieces of media coverage and reached in excess of 121 million on social media.

London & Partners' subsidiary company, Dot London Domains Limited continued to perform strongly and maintained its position as the number two city top-level domain behind Tokyo with renewal rates at 81%. A new multi-channel marketing campaign was launched in Autumn 2017 which ran through to March 2018 including TV, "out-of-home" advertising in London (billboards and TfL sites), media partnerships (including the Evening Standard), programmatic digital and social media. The activity drove a 40% increase in unprompted brand recognition for Dot London and a 65% increase in new domain sales over the period, giving the company a strong foundation for future marketing activities.

For the fourth year running London & Partners was rated as one of The Sunday Times 100 Best Not-for-Profit Organisations to work for, highlighting employees' pride in their work and flexible working patterns. The company's staff voted to support two key charities, Pancreatic Cancer UK and the Brain Tumour Charity, raising more than £5,000 through family days, gardening sessions, selling and gift wrapping Christmas presents. In addition, the company changed its quality management accreditation from ISO 9001 to the European Foundation for Quality Management (EFQM) Framework which more closely matched the company's ways of working and track its continuous improvement practices. A project was also initiated in the second half of the year to ensure that the company would be compliant with the new General Data Protection Regulation (GDPR).

During 2017/18 the group completed the development of its new 3 year strategy for 2018-21 and commenced a restructure to align the organisation to deliver the new strategy's objectives.

A more detailed review of the year's activities can be found at http://www.londonandpartners.com/about-us/our-annual-results.

Strategic report *(continued)*
Review of the group's business *(continued)*

Principal risks and uncertainties

The group continues to identify and manage key risks to the business. A risk register which reviews key risks impacting on delivery is reviewed monthly by the group's Senior Leadership Team. These risks are reviewed quarterly by the Audit and Finance Committee with significant changes to risks flagged to the London & Partners Board. The principal risks and uncertainties, including financial risks, that the group faces are considered to be:

- Uncertainty and lack of clarity about the terms of the UK's exit from the EU raise concerns amongst international businesses and talent in London which may slow down foreign direct investment or make existing international companies consider leaving the city.
- Transforming the organisation to deliver a new strategy leads the organisation to be more internally focused and impacts on the company's ability to deliver its outputs or respond to new opportunities.
- Delays in establishing additional overseas offices to support international expansion to tackle Brexit related activities hamper the organisation's ability to protect jobs and encourage more trade and investment.
- Unforeseen external events, such as a terror attack, impact on London's reputation, visitor numbers and business investment and London & Partners' ability to change sentiment with key audiences.
- Whilst steps have been taken to ensure GDPR compliance, there is an ongoing need for staff to be aware of the regulation and requests from suppliers, partners, or members of the public could put a burden on staff and could lead to reputational damage if data is mishandled.
- As our GLA grant income is not index-linked there is a need to continue to increase other sources of income to ensure we maintain a core level of resources otherwise there is a risk that the impact of London & Partners' activity is reduced.
- Increased threat of cyber-attack means the company's systems may be compromised impacting our performance and reputation.
- Financial processes and management do not keep pace with the growth in the size and complexity of the company and its subsidiaries resulting in less effective financial management.
- Growth in programmes that are funded in arrears could lead to cash flow issues.

The group's overall financial objective is to maintain sustainable funding to enable London & Partners to continue to fulfil its strategic objectives. The group aims to attract contributions from partners, sources and initiatives that are aligned with the wider corporate objectives, to leverage the grant from the GLA and extend the reach of the company's activities. Dividends from subsidiary companies and any surplus from London & Partners Limited are reinvested to fund the company's not-for-profit activities as the Mayor of London's official promotion company.

Future prospects/outlook

With the arrival of Laura Citron as CEO, a new three-year strategy for London & Partners has been developed which takes account of the uncertainty whilst the UK leaves the European Union, the broader geo-political landscape, increasing competition from global cities and greater alignment with the Mayor's priorities.

Priorities for 2018-19 will be to focus on generating good growth that benefits London and Londoners by promoting the city as a visitor destination where it has capacity and developing the sectors that will benefit London the most. The company will do this by becoming more focused in its approach, primarily targeting younger, first time visitors to London who bring the most lifetime value and are likely to return again as a visitor or as a student, to attend a conference or to set up a business. It will focus on influencing people earlier in their decision-making to become more predisposed to London and in winning new international audiences by concentrating resources on five core markets of North America, India, China, France and Germany. To enable this, the group is doubling its international foot-print by augmenting its existing presence in China, India and the US with an additional office in each market and opening European offices for the first time in Paris and Berlin. Given the current uncertainty about the UK's exit from the EU, the group will not just focus on attracting new international businesses to London but work hard to retain international businesses, grow key sectors and attract international talent. The group's work on leisure and business tourism will focus on bringing tourists to London when the city has capacity and attracting the culturally curious who will help support London's diverse cultural offer across the city.

Strategic report *(continued)*
Review of the group's business *(continued)*

Future prospects/outlook (*continued*)

To enable this new strategy the group will work strategically with a large number of partners in London, but increasingly also in core markets, to establish mutually valuable partnerships with those that can help promote London to international audiences. The group will continue to generate commercial income through its subsidiary companies London & Partners Ventures and Dot London Domains Limited to generate a profit that can be reinvested into the promotion of London. A re-structure has been undertaken in the first quarter of the 2018-19 financial year to realign the organisation with the new strategic direction.

London & Partners' strategy for 2018-2021 and business plan for 2018-19 can be downloaded at www.londonandpartners.com/about-us/business-strategy.

By order of the board

Andrew Cooke

Andrew Cooke
Director

London & Partners Limited
6th floor
2 More London Riverside
London SEI 2RR

27 July 2018

Directors' report

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

Directors

The directors who held office during the year and since the end of the year were as follows:

Rajesh Agrawal, Chairman (2,3)
Laura Citron, Chief Executive Officer (appointed 2 May 2017)
Alan Bishop (term expired 5 October 2017) (3)
Mike Brown (appointed 16 May 2017)
Mark Boleat (term expired 30 April 2017) (1, 2)
Jean-Louis Bravard (term expired 17 November 2017) (1, 2)
Andrew Cooke, Managing Director, Operations and Governance
Sandie Dawe (1,2,3)
Massy Larizadeh (appointed 2 January 2018) (1)
Professor Sir Robert Lechler (2)
Catherine McGuinness (appointed 15 May 2017) (1)
Anne Morrison (term expired 1 June 2018) (3)
Kevin Murphy (term expired 17 November 2017) (3)
Tamara Rajah (appointed 17 May 2018)
Hilary Riva (term expired 14 November 2017) (3)
Sacha Romanovitch (appointed 1 November 2017) (1)
Mark Taylor (appointed 17 May 2018)

1=Member of the Audit & Finance Committee
2=Member of the Remuneration Committee
3=Member of the Nomination Committee

Board Observers

Ben Johnson (Senior Mayoral Advisor – Business and Digital Policy)
Leah Kreitzman (Mayoral Director, External and International Affairs)
Justine Simons OBE (Deputy Mayor, Culture and the Creative Industries)

Directors' interests

A register of directors' interests is published on the group's corporate website at
http://www.londonandpartners.com/about-us/our-board

Research and development

The group concluded two development projects during the year to upgrade web technology for visitlondon.com and the group's other websites and to develop a London visitor app to enhance the visitor experience of London.

Financial instruments

The group does not have any financial instruments other than cash and short-term debtors and creditors. Cash balances are held with a major UK bank and earn competitive rates of interest. From time to time the group utilises foreign exchange forward contracts for significant payments in foreign currencies. There were no forward contracts open at the year-end (2017: none). The company holds warrants to purchase shares in Minds & Machines Group Ltd, a service delivery provider of its subsidiary Dot London Domains Limited (see note 1).

Going concern

The accounts have been prepared on the going concern basis based on the directors' assessment of the group's financial position and the forecast for the next 12 months. At the date of approval of these financial statements, a three year grant agreement is in place ending on 31 March 2021 and the directors have no reason to believe that grant funding will not continue.

Directors' report *(continued)*

Credit, liquidity and cash flow risk

The group manages cash flow by detailed forecasting and business planning. The core grant and several other income streams are received in advance which enables the group to manage other programmes which are funded in arrears. The group has no loans or other credit instruments.

Political and charitable contributions

Neither the company nor any of its subsidiaries made any political or charitable donations or incurred any political expenditure during the year.

Information included in the Strategic Report.

Certain items required to be presented in the Directors' Report, such as commentary on future developments and risk management, have been included in the Strategic Report.

Directors' responsibilities in the preparation of the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws).

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 group and the company and of the profit or loss of the group and 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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and RSM UK Audit LLP will therefore continue in office.

Disclosure of information to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Directors' report *(continued)*

Corporate Governance

The Board is committed to high standards of corporate governance as an important part of an effective and efficient approach to managing the company and its subsidiaries (together "the Group"). The Company's policies are monitored to ensure that they are appropriate for the nature, status, size and circumstances of the business, and are explained below.

The Board

The Board's primary tasks are to:

- Be responsible for the management of the company's business, as set out in the Articles of Association;
- Provide strategic leadership on the development of strategies, policies and plans to discharge London & Partners' purpose;
- Monitor the performance of London & Partners, to ensure that it meets its strategic objectives and targets;
- Promote high standards of propriety, best practice and the efficient and effective use of staff and resources.

Directors

The directors who held office during the year and since the end of the year were as listed in the Directors' Report on page 6.

Appointment, removal and re-election of Directors

The board of directors comprises the chairman and one other non-executive director appointed by the Mayor, up to two executive directors appointed by directors, and eight non-executive directors, to fill vacancies for a term not exceeding twelve months at the expiry of which the appointee must retire and be re-appointed by the members. Directors are appointed for a three-year term after which they must retire but are eligible for re-appointment.

Board Meetings

The board manages the group through a series of formal meetings throughout the year. During the year to 31 March 2018, the Board met for its four scheduled meetings. The board delegates specific responsibilities to board committees with the role and responsibilities of each committee set out in clearly defined Terms of Reference. Prior to the start of each financial year, a schedule of dates for that year's board meetings is compiled to align with the group's financial calendar although this may be supplemented by additional meetings as and when required.

Director's Conflict of Interest

The group has effective procedures in place to deal with conflicts of interest. The Board is aware of the other commitments and interests of its directors, and changes to these commitments and interests are reported to the Board.

Board Committees

The Board is supported by the Audit and Finance, Remuneration and Nomination committees. Their specific responsibilities are set out below. The minutes of committee meetings are circulated to all committee members and reports on each are given by the relevant committee chairman to the board.

Audit and Finance Committee
The Audit and Finance Committee currently comprises four non-executive directors and one lay member. The Chief Operating Officer and Finance Director are also invited to attend meetings (unless they have a conflict of interest) as are external auditors when required. The committee's principal responsibilities are financial management and reporting; internal control and risk assessment; and external audit. The committee met five times in the year to 31 March 2018.

Directors' report *(continued)*

Corporate Governance *(continued)*

Board Committees *(continued)*

Remuneration Committee
The Remuneration Committee currently comprises two non-executive directors and the Chairman of the Board. The Chief Executive Officer and Head of HR are also invited to attend meetings unless he or she has a conflict of interest. The committee's principal responsibilities are to recommend to the Board the company's policy on remuneration of the Chief Executive and Executive Team and to monitor and review the company's overall remuneration policy and performance-related or bonus schemes. The committee met once in the year to 31 March 2018.

Nomination Committee
The Nomination Committee currently comprises one non-executive director and the Chairman of the Board. The Chief Executive and Chief Operating Officer are also invited to attend meetings unless they have a conflict of interest. The committee's principal responsibilities are to review the structure, size and composition of the Board; consider succession planning for directors and senior executives. The committee met five times during the year to 31 March 2018.

Policies

The company's procurement policy, travel and expenses policy, gifts and hospitality policy and reward and recognition policy are published on the company's corporate website, www.londonandpartners.com.

Subsequent events

Since 31 March 2018 the group has extended its presence overseas by increasing staff numbers in existing offices in China, India and the USA and establishing new offices in Europe.

By order of the board

Andrew Cooke
Director

London & Partners Limited
6th floor
2 More London Riverside
London SEI 2RR

27 July 2018

Independent auditor's report to the members of London & Partners Limited

Opinion
We have audited the financial statements of London & Partners Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise a Consolidated Statement of Income and Retained Earnings, Statements of Financial Position, Company Statement of Changes in Reserves, Consolidated Statement of Cash Flows 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 FRS 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 group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and parent 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 group's or the parent 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 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of London & Partners Limited (continued)

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 7, 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 group's and the parent 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 group or the parent 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: http://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.

RSM UK Audit LLP

Jonathan Da Costa (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor, One London Square
Cross Lanes
Guildford
Surrey, GU1 1UN

10/08/2018

Consolidated Statement of Income and Retained Earnings

For the year ended 31 March 2018

	Note	**Year ended 31 March 2018**	Year ended 31 March 2017
		£000	£000
Income			
Turnover from domain registry services	*2*	**4,786**	4,030
Turnover from other activities	*2*	**6,845**	6,743
Grants	*2*	**14,571**	12,163
Total income		**26,202**	22,936
Expenditure			
Cost of sales of domain registry services		**734**	695
Programme costs of promotional activities		**8,221**	7,369
Staff costs	*3*	**11,948**	10,487
Other operating costs		**4,442**	3,359
Total expenditure		**25,345**	21,910
Operating surplus		**857**	1,026
Interest receivable and similar income	*7*	**3**	4
Surplus before taxation	*8*	**860**	1,030
Taxation	*9*	**(485)**	(547)
Surplus after taxation and surplus for the financial year		**375**	483
Retained Earnings at 1 April		**1,620**	1,137
Retained Earnings at 31 March		**1,995**	1,620

This statement is presented in place of a Consolidated Statement of Comprehensive Income and a Consolidated Statement of Changes in Retained Earnings as the only changes to retained earnings during the year arise from the surplus for the year.

Statements of Financial Position
at 31 March 2018

	Note	**Group 2018 £000**	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Fixed assets					
Intangible assets	*10*	**778**	659	**508**	215
Tangible assets	*11*	**488**	533	**488**	533
		1,266	1,192	**996**	748
Current assets					
Debtors due within one year	*13*	**5,845**	2,118	**3,772**	2,340
Debtors due after more than one year	*13*	**812**	94		
Cash at bank and in hand		**3,364**	3,964	**647**	877
		10,021	6,176	**4,419**	3,217
Current liabilities					
Creditors: amounts falling due within one year	*14*	**(8,467)**	(5,364)	**(4,648)**	(3,282)
Net current assets/(liabilities)		**1,554**	812	**(229)**	(65)
Total assets less current liabilities		**2,820**	2,004	**767**	683
Creditors: amounts falling due after more than one year	*15*	**(825)**	(384)	**(218)**	(197)
Net assets		**1,995**	1,620	**549**	486
Reserves					
Retained earnings	*17*	**1,995**	1,620	**549**	486
Total reserves		**1,995**	1,620	**549**	486

The Company's surplus and total comprehensive income for the year were £63,000 (2017: loss and total comprehensive income £408,000)

The financial statements on pages 12 to 32 were approved by the board of directors and authorised for issue on 27 July 2018 and are signed on its behalf by:

Rajesh Agrawal
Chairman

Company Statement of Changes in Reserves
for the year ended 31 March 2018

	Retained earnings £000
Balance at 1 April 2016	**894**
Loss and total comprehensive income for the year	(408)
Balance at 31 March 2017	486
Surplus and total comprehensive income for the year	63
Balance at 31 March 2018	**549**

Consolidated Statement of Cash Flows

for the year ended 31 March 2018

	Note	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Operating activities			
Cash generated from operations	*18*	**856**	1,497
Interest received		**3**	4
Income taxes paid		**(668)**	(86)
Net cash from operating activities		**191**	1,415
Investing activities			
Purchase of intangible fixed assets	*10*	**(599)**	(770)
Purchase of tangible fixed assets	*11*	**(192)**	(202)
Net cash used in investing activities		**(791)**	(972)
Net (decrease)/increase in cash and cash equivalents		**(600)**	443
Cash and cash equivalents at beginning of year		**3,964**	3,521
Cash and cash equivalents at end of year		**3,364**	3,964
Relating to:			
Bank balances and short-term deposits included in cash at bank and in hand		**3,364**	3,964

Notes

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

1. Accounting policies

General information

London & Partners Limited ("the company") is a not-for-profit private company limited by guarantee, and is registered, domiciled and incorporated in England.

The address of the company's registered office and principal place of business is 2 More London Riverside, London, SE1 2RR.

The group consists of London & Partners Limited and all of its subsidiaries.

The company's and the group's principal activities are to promote London to visitors, businesses and students.

Basis of accounting

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Reduced disclosures

The Company has taken advantage of the exemption from disclosing the following information in its company only accounts, as permitted by the reduced disclosure regime within FRS 102:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instruments' – Carrying amounts for financial instruments measured at amortised cost or cost less impairment; interest income/expense and net gains/losses for financial instruments measured at amortised cost; loan defaults or breaches and descriptions of hedging relationships; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of London & Partners Limited which are available from its registered office, 6th floor, 2 More London Riverside, London, SE1 2RR.

Company Statement of Income and Retained Earnings

As permitted by s408 Companies Act 2006, the company has not presented its own statement of comprehensive income as it prepares group accounts and the company's individual statement of financial position shows the company's profit or loss for the financial year.

Basis of consolidation

The consolidated financial statements incorporate those of London & Partners Limited and all its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies to obtain economic benefits). All financial statements are made up to 31 March 2018.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless there is evidence of impairment of the asset transferred.

Notes *(continued)*

1. Accounting policies *(continued)*

Going concern

The accounts have been prepared on the going concern basis based on the directors' assessment of the company's financial position and the forecast for the next 12 months. At the date of approval of these financial statements, a three year grant agreement is in place ending on 31 March 2021 and the directors have no reason to believe that grant funding will not continue. Accordingly, the directors' opinion is that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

The GLA has agreed to hold a provision on behalf of the company designated specifically for the cost of performing an orderly wind down of the company's activities if grant funding was no longer available, and has confirmed this in a letter dated 26 June 2013. The total amount required is assessed each year and the provision adjusted as considered necessary.

Functional and presentational currencies

The consolidated financial statements are presented in sterling which is also the functional currency of the company.

Foreign currencies

Transactions in foreign currencies are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All translation differences are taken to the surplus or loss for the year.

The assets and liabilities of overseas subsidiaries are translated into the group's presentation currency at the exchange rate ruling at the reporting date. Income and expenditure of such undertakings are translated at the average rates of exchange during the year which the directors consider to be a reasonable approximation to the rate at the date of the transaction. Translation differences are recognised in the income and expenditure account and accumulated in reserves.

Government grants

Capital based government grants are initially included within accruals and deferred income in the balance sheet and credited to the income and expenditure account over the estimated useful economic lives of the assets to which they relate.

Revenue grants are recognised when receivable in the period to which they relate with the relevant cost when any associated performance conditions are met.

Turnover

Turnover from membership fees and other activities is recognised at the fair value of the consideration received or receivable for sale of services to external customers in the period to which the service is delivered, taking into account trade discounts, settlement discounts and volume rebates where applicable. Turnover is shown net of VAT.

Turnover from domain registry services generated by one of the group's subsidiaries represents fees for domain name registration and related services (excluding VAT) arising from the provision of registry services. Registration fees are recognised as revenue in the accounting period in which the services are provided. Revenue received in advance of the accounting period to which it relates is recorded in the Statement of Financial Position as deferred income. Revenue from registration fees is presented in the income statement after deducting any discounts given to customers. Revenue from the auction of domain names is recognised on the date of the auction for the portion of the revenue that represents the purchase of the right to register the name and over the period in which registry services are provided for the portion of the revenue that represents the registration fee.

From 1 July 2017 the company has amended the policy described above to include the following treatment for revenue from premium names. Where the fee from initial registration is higher than the subsequent renewal fee (arising mainly from the registration of "premium names"), the difference between the initial registration fee and the ongoing renewal fee (the "premium") is recognised at the date of registration with the balance recognised over the registration period.

Notes *(continued)*

1. Accounting policies *(continued)*

Turnover (continued)

Revenue arising from contractual arrangements included in the company's Registry Services Agreement with its Registry Service Provider is recognised when the income is independent of fees to customers for domain name registration and related services and when the company has no future obligations in respect of the income.

Income from other services is recognised when the services are provided.

Dividend income from the company's subsidiaries is recognised when the company's right to receive payment is established.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax is based on taxable profit for the year.

Grant funded activities are not considered to be subject to tax. Certain of the group's sources of income are, however, taxed under normal principles including: domain registry services, bank interest, profits from rental income and certain other activities which are considered to be a trade. For these activities, current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Current tax assets and liabilities are measured using tax rates that have enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

London & Partners Limited is subject to partial restriction on the recoverability of VAT on inputs. Expenses are recorded at cost inclusive of VAT and recoverable VAT is deducted from other operating charges.

Leases

The group as lessee – operating leases

All leases are operating leases and the annual rentals are charged to the income and expenditure account on a straight-line basis over the lease term.

The group as lessor – operating leases

Rental income from assets leased under operating leases is recognised on a straight-line basis over the term of the lease. Rent free periods or other incentives given to the lessee are accounted for as a reduction to the rental income and recognised on a straight-line basis over the lease term.

Notes *(continued)*

1. Accounting policies *(continued)*

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The holiday year for all group companies ends at the reporting date. Employees are entitled to carry forward up to 5 days of any unused holiday entitlement at the reporting date. The cost of any unused entitlement is recognised in the period in which the employee's services are received.

The best estimate of expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

The group operates a defined contribution group personal pension plan. The assets of the plan are held separately from those of the group in an independently administered fund. The amount charged to the income and expenditure account represents the contributions payable to the plan in respect of the accounting period. Unpaid contributions at the balance sheet date are included in accruals and paid into the plan within one month.

Intangible fixed assets and amortisation

Intangible fixed assets are recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. The value of internally generated intangible assets and intangible assets owned by the company with no associated cost (such as rights acquired through participation in joint ventures) is not recorded in the Statement of Financial Position.

The group capitalises development expenditure as an intangible asset when it can demonstrate all the following for website and other projects: (a) The technical feasibility of completing the development so the intangible asset will be available for use or sale. (b) Its intention to complete the development and to use or sell the intangible asset. (c) Its ability to use or sell the intangible asset. (d) How the intangible asset will generate probable future economic benefits. (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset. (f) Its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised to profit or loss on a straight-line basis over their useful lives, as follows:-

Software and apps	-	2-3 years
Names & trademarks	-	5 years

The directors have chosen these amortisation periods as they represent the useful life of the intangible assets within the business. The directors consider these useful lives to be appropriate due to the rapid pace of technological change.

All research expenditure and development expenditure that does not meet the above conditions is expensed as incurred.

Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently at cost net of depreciation and any impairment losses.

Depreciation is provided at rates calculated to write off the cost to the estimated residual value of the assets by equal instalments over their estimated useful economic lives as follows:

IT equipment	-	2-3 years
Leasehold improvements, fixtures, fittings and furniture	-	to the end of the lease in 2020

Notes *(continued)*

1. Accounting policies *(continued)*

Impairment of fixed assets

The carrying amounts of the group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income and expenditure account.

Investments

In the separate accounts of the company, interests in subsidiaries are measured at cost less any accumulated impairment losses. Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in the income and expenditure account.

Financial instruments

The group has elected to apply the provisions of section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument, and are offset only when the group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade, group and other receivables (including accrued income) and cash and bank balances, are initially measured at transaction price and are subsequently carried at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting 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 have been affected. The impairment loss is recognised in the income and expenditure account.

Basic financial liabilities

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

The company holds warrants to purchase shares in Minds + Machines Group Ltd, a service provider of its subsidiary Dot London Domains Limited. These are not included in the financial statements as the directors have assessed that the fair value of the warrants is £76,800 (2017: £78,000) and is not material to the financial statements.

Notes *(continued)*

1. Accounting policies *(continued)*

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and areas of judgement that are critical to the financial statements are described below:

- The going concern assumption, as noted above, is considered to be appropriate based on assumptions regarding future grant funding arrangements and other cash flows;
- An accrual is estimated for the potential dilapidation costs at the end of the lease of the company's offices;
- A provision for potential closure costs is held by the GLA on behalf of the company; and
- The directors have assessed the characteristics of the group's intangible assets and consider them appropriate to be capitalised and have estimated the useful economic life of the group's intangible assets taking into account the nature of each asset individually, the current plans of the company for utilising those assets and the comparable life of other technology products in the market place.

2 Income

The following income was recognised in 2017/18 in accordance with the accounting policies noted above. All income is derived from activities undertaken from the United Kingdom.

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
Grant income		
GLA grant	**11,914**	11,919
Other grants	**2,657**	244
Total grant income	**14,571**	12,163
Turnover from the provision of services		
Income from partners	**3,129**	3,900
Other commercial income	**3,716**	2,843
Domain registry services	**4,786**	4,030
Total turnover from the provision of services	**11,631**	10,773

The company received a grant of £11.9m (2017: £11.9m) from the Greater London Authority (GLA) for the international promotion of London.

Notes *(continued)*

3 Staff numbers and costs

The average number of persons employed by the group (including executive directors) during the year, analysed by category, was as follows:

	Number of employees Group 2018	Number of employees Group 2017	**Number of employees Company 2018**	Number of employees Company 2017
Promotional activities	**177**	154	**163**	140
Management and administration	**23**	24	**23**	24
	200	178	**186**	164

All UK staff are employed by London & Partners Limited. Certain employees are seconded to Dot London Domains Limited and London & Partners Ventures Limited by London & Partners Limited with corresponding inter-company charges for the respective cost.

The aggregate people costs incurred by the group were as follows:

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Wages and salaries	**9,378**	7,895	**8,765**	7,354
Social security costs	**1,044**	958	**964**	912
Pension costs	**1,038**	901	**986**	853
Payroll costs of staff numbers analysed above	**11,460**	9,754	**10,715**	9,119
Seconded staff (seconded to London & Partners by third parties)	**138**	425	**138**	425
Temporary staff and contractors	**350**	308	**350**	308
Staff costs as presented in the income and expenditure account	**11,948**	10,487	**11,203**	9,852

Notes *(continued)*

4 Remuneration of directors

In respect of the directors of London & Partners Limited:

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Directors' emoluments	**351**	292
Company pension contributions included in directors' emoluments (including those made by salary sacrifice)	**53**	56

	Number of directors 2018	Number of directors 2017
Retirement benefits are accruing to the following number of directors under:		
Group personal pension plan	**2**	2

The aggregate of emoluments of the highest paid director were £172,587 (2017: £178,771) which consisted of salary payments of £104,884 (2017: £109,223), performance related bonus pay as approved by the remuneration committee of £27,600 (2017: £27,843) and company pension contributions made to a group personal pension plan of £40,103 (2017: £41,707).

5 Remuneration of key management personnel

The total remuneration of the Executive Team including the executive directors, who are considered to be the key management personnel of the group, was £1,413,849 (2017: £1,103,913).

6 Retirement benefits

Group personal pension plan

The group operates a defined contribution group personal pension plan for UK employees and others in each overseas branch or subsidiary as described below. The pension cost charge for the period represents contributions payable by the group to the plans and amounted to £1,038,000 (2017: £901,000).

At 31 March 2018 contributions amounting to £82,597 (2017: £80,401) were payable to the UK plan and are included in creditors. The company has no other liability in respect of the pension scheme.

For overseas employees in the Indian branch, employee and employer contributions are paid into the Provident Fund held by the Commissioner of Mumbai and can be withdrawn by the employee as a lump sum on leaving service. For overseas employees in the Chinese branch the company contributes the statutory amount for each employee into the state administered fund. The group contributes to a 401k scheme for US employees.

Notes *(continued)*

7 Interest receivable and similar income

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
Bank interest receivable	**3**	4
	3	4

8 Surplus before taxation

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
The surplus before taxation is stated after charging/(crediting)		
Amortisation, depreciation and other amounts written off tangible fixed assets and intangible assets:		
Owned	**717**	374
(Gain)/Loss on foreign currency translation	**(46)**	12
Operating lease rentals (note 19)	**962**	978

Fees payable to RSM UK Audit LLP and its associates in respect of both audit and non-audit services are as follows:

	Year ended 31 March 2018	Year ended 31 March 2017
	£000	£000
Audit services – statutory audit of parent and consolidated accounts	**22**	21
Audit services – statutory audit of subsidiary accounts	**15**	14
Non audit services	**7**	-

Notes *(continued)*

9 Taxation

Analysis of charge in period

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
UK corporation tax	**481**	540
Adjustments in respect of prior year	**(11)**	-
Total current tax	**470**	540
Deferred tax		
Origination and reversal of timing differences	**15**	7
Total deferred tax	**15**	7
Tax on surplus	**485**	547

Factors affecting the tax charge for the current period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 19 % (2017: 20%). The differences are explained below.

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Group surplus before tax	**860**	1,030
Group surplus multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%)	**163**	206
Effects of:		
Income/expenses not deductible for tax purposes	**416**	341
Capital allowances for the period lower than/(in excess of) depreciation	**3**	(7)
Adjustments in respect of the prior year	**(11)**	-
Origination and reversal of timing differences	**15**	7
Deduction for R&D expenditure	**(26)**	-
Deferred tax not recognised	**(52)**	-
Other adjustments	**(23)**	-
Tax expense	**485**	547

Notes *(continued)*

9 Taxation (Continued)

Factors that may affect future, current and total tax charges

At the balance sheet date the prevailing corporation tax rate that has been substantively enacted is 17% (2017: 17%) therefore deferred tax has been calculated at that rate. The directors have assessed the nature of the company's activities and various sources of income. Based on all of the information available to them and after consideration of professional advice received, the directors have determined the basis on which they believe the company's tax charge should be calculated. This applies a tax liability to the results of commercial activities based on a reasonable and fair cost allocation.

10 Intangible assets

	Group Software & Other assets £000	Group Total £000	Company Software & other assets £000	Company Total £000
Cost				
At 1 April 2017	1,394	1,394	863	863
Additions	599	599	493	493
Disposals	(13)	(13)	(13)	(13)
At 31 March 2018	1,980	1,980	1,343	1,343
Amortisation				
At 1 April 2017	735	735	648	648
Charge for the year	480	480	200	200
Disposals	(13)	(13)	(13)	(13)
At 31 March 2018	1,202	1,202	835	835
Net book value				
At 31 March 2018	**778**	**778**	**508**	**508**
At 31 March 2017	659	659	215	215

The amortisation charge for the year is recognised in other operating costs.

Included in the carrying value of Software and Other Assets are some capitalised costs in respect of the Visit London website and the London Visitor App. The carrying amount of £707,000 (2017: £547,000) which has a remaining average amortisation period of 2 years (2017: 3 years) is considered by the Directors to be individually material.

Notes *(continued)*

11. Tangible fixed assets

	Leasehold improvement, furniture & fittings	IT equipment	Total
	£000	**£000**	**£000**
Group and company			
Cost			
At 1 April 2017	600	334	934
Additions	31	161	192
Disposals	-	(53)	(53)
At 31 March 2018	631	442	1,073
Depreciation			
At 1 April 2017	253	148	401
Charge for the year	113	124	237
Disposals	-	(53)	(53)
At 31 March 2018	366	219	585
Net book value			
At 31 March 2018	**265**	**223**	**488**
At 31 March 2017	347	186	533

The depreciation for the year is recognised in other operating costs.

Notes *(continued)*

12. Fixed Asset Investments

Company

The cost of the company's investments in subsidiaries is below £1,000 (2017: £1,000) and is unchanged since the prior year. There is no provision held against this balance (2017: £nil).

The undertakings in which the group's and company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held Group	Company
Subsidiary undertakings				
London & Partners International	UK	Holding company	**100%**	100%
London & Partners (US) Limited*	USA	Inward investment	**100%**	-
Dot London Domains Limited	UK	Registry operator	**100%**	100%
London & Partners Ventures Limited	UK	E-Commerce	**100%**	100%
London Convention Bureau Limited	UK	Dormant	**100%**	100%
London Tourist Board Limited	UK	Dormant	**100%**	100%
London Tourism Limited	UK	Dormant	**100%**	100%
Tourism London Limited	UK	Dormant	**100%**	100%
Visit London Limited	UK	Dormant	**100%**	100%

*Interest held indirectly via London & Partners International.

The address of the registered of all of the above companies is 6th floor, 2 More London Riverside, London SE1 R22 except for London & Partners (US) Limited whose registered office address is 2711 Centerville Road, Suite 400, City of Wilmington, Delaware 19808, USA.

The dormant companies listed above are exempt from the requirement for audit under Section 479A of the Companies Act 2006.

13 Debtors

Amounts falling due within one year:

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
rade debtors	**3,597**	349	**1,208**	37
Amounts owed by group undertakings	**-**	-	**960**	1,079
Other debtors	**40**	68	**39**	48
Prepayments and accrued income	**2,208**	1,701	**1,565**	1,176
	5,845	2,118	**3,772**	2,340

Notes *(continued)*

13 Debtors *(continued)*

Amounts falling due after more than one year:

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
rade debtors	**508**	-	-	-
Prepayments and accrued income	**304**	94	-	-
	812	94	-	-

14 Creditors: amounts falling due within one year

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Trade creditors	**1,608**	1,472	**654**	1,259
Amounts owed to group undertakings	**-**	-	**128**	189
Other taxation and social security	**580**	540	**374**	64
Corporation tax	**343**	225	**-**	173
Other creditors	**193**	159	**123**	101
Accruals and deferred income	**5,743**	2,968	**3,369**	1,496
	8,467	5,364	**4,648**	3,282

15 Creditors: amounts falling due after more than one year

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Accruals and deferred income	**825**	384	**218**	197
	825	384	**218**	197

Accruals and deferred income falling due after more than one year related to accruals for leasehold costs and deferred income from domain registry services in respect of future years. The amount falling due after more than 5 years is £19,000.

Notes *(continued)*

16 Financial instruments

The carrying amount of the group and company's financial instruments at 31 March were:

	Group 2018 £000	Group 2017 £000	**Company 2018 £000**	Company 2017 £000
Financial assets:				
Debt instruments measured at amortised cost	**5,204**	587	**3,164**	1,238
Financial liabilities:				
Financial liabilities measured at amortised cost	**3,978**	3,687	**2,985**	2,963

17 Reserves

Group	**Retained Earnings £000**
At 1 April 2017	1,620
Surplus for the year	375
At 31 March 2018	**1,995**

Company	**Retained Earnings £000**
At 1 April 2017	486
Surplus for the year	63
At 31 March 2018	**549**

The reserves of the group represent the following:

Retained Earnings

The surplus for the year arises from trading profits of the company's subsidiaries, Dot London Domains Limited and London & Partners Ventures Limited. These funds will be utilised in future years in the promotion of London.

The GLA has agreed to hold a provision on behalf of the company designated specifically for the cost of performing an orderly wind down of the company's activities if grant funding was no longer available, and has confirmed this in a letter dated 26 June 2013. The total amount required is assessed each year and the provision adjusted as considered necessary.

Notes *(continued)*

18 Reconciliation of surplus after tax to net cash generated from/(used in) operations

	Year ended 31 March 2018 £000	Year ended 31 March 2017 £000
Surplus after tax	**375**	483
Adjustments for: Depreciation, amortisation and impairment charges	**717**	374
Increase in provisions	**21**	21
Loss on disposal of tangible fixed assets	**-**	3
Interest receivable	**(3)**	(4)
Taxation	**485**	547
Operating cash flows before movements in working capital	**1,595**	1,424
(Increase)/decrease in trade and other debtors	**(4,445)**	1,192
Increase/(decrease) in trade and other creditors	**3,706**	(1,119)
Cash generated from operations	**856**	1,497

19 Commitments

The group as lessee:

At 31 March 2018, the group was committed to the following total future minimum lease payments in respect of non-cancellable operating leases:

	2018 Land & buildings £000	**2018 Other £000**	2017 Land & buildings £000	2017 Other £000
Amounts due:				
Within one year	**863**	**2**	858	18
Between one and five years	**1,334**	**15**	2,096	-
Total	**2,197**	**17**	2,954	18

Notes *(continued)*

19 Commitments *(continued)*

The group as lessor:

At 31 March 2018, the group had contracted with tenants under non-cancellable operating leases for the following future minimum lease payments:

	2018	2017
	Land & buildings	Land & Buildings
	£000	£000
Amounts due:		
Within one year	**10**	10
Total	**10**	10

The operating leases represent agreements for the licence of office facilities by third parties.

20 Related party transactions and ultimate controlling party

The company has taken advantage of the exemptions provided by Section 33 of FRS102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

The company is controlled by its members, who are the Mayor of London, ABTA, Society of London Theatre, the London Chamber of Commerce & Industry and the British Hospitality Association. In the opinion of the directors there is no ultimate controlling party.