



LAP

LONDON & ASSOCIATED PROPERTIES PLC

report and accounts 2014

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CHIEF EXECUTIVE'S STATEMENT

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FINANCIAL HIGHLIGHTS

FULLY DILUTED NET ASSETS
PER SHARE

50.35p

2013: 59p

IFRS NET ASSETS

£53.4m

2013: £59.7m

PORTFOLIO VALUATION*

£250m

2013: £238m

*Including properties under management

FINANCIAL CALENDAR

ANNUAL GENERAL MEETING 24 JUNE 2015

ANNOUNCEMENT OF HALF YEAR RESULTS TO 30 JUNE 2015 LATE AUGUST 2015

ANNOUNCEMENT OF ANNUAL RESULTS FOR 2015 LATE APRIL 2016

OVERVIEW

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4 CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT





OVERVIEW

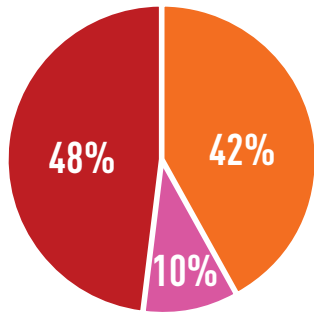
LAP AT A GLANCE

London & Associated Properties PLC ("LAP") is a Main Market listed UK shopping centre and Central London retail property specialist which owns and manages £250m of property investments.

The Group also holds a substantial investment in Bisichi Mining PLC, which operates coal mines in South Africa and owns UK property investments (as a result of IFRS 10 the figures for Bisichi have been consolidated in the group accounts).

Looking to create environments where retailers can thrive.

OVERALL PORTFOLIO SPLIT



WHOLLY OWNED

KEY PROJECTS

Orchard Square
Sheffield

Market Row and
Brixton Village
Brixton

King Square
West Bromwich

HIGHLIGHT

Sale of King Edward Court shopping centre for £105m (completed January 2014)

JOINT VENTURES AND MANAGEMENT, KEY PROJECTS

Langney Shopping Centre
Eastbourne

INVESTMENTS AND MANAGEMENT KEY PROJECTS

Kingsgate Centre
Dunfermline

The Rushes Centre
Loughborough

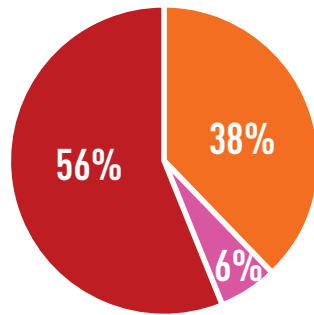
The Vancouver Quarter
Centre
Kings Lynn

HIGHLIGHTS

Joint venture with Columbus Capital in Langney. Planning permission granted for the extension of Langney shopping centre in Eastbourne

Co-investment with Oaktree Capital Management and manage three of their shopping centres.

PORTFOLIO BY RENTAL INCOME



OVERVIEW

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

We are pleased to report on a year of steady progress at LAP. As previously reported, the most significant event of last year was the refinancing of our £45 million facility away from the Royal Bank of Scotland to Santander UK PLC. At the same time we closed our associated long-dated swap positions. As a result we are in a much stronger financial position going forward with a less volatile balance sheet.

As reported in 2013, Windsor Shopping Centre's sale was completed in January 2014 for £105 million. The sale proceeds were utilised to repay the related bank loan and all group to interest rate derivatives.

In March 2015, we also repaid from our cash resources £1.25 million of the £5 million outstanding 2018 debenture stock from Prudential Assurance Co. The total consideration was £1.4 million and this will reduce interest expense by £145,000 per annum. As a result of both of these events, LAP's average cost of borrowing now stands at 5.8% (2013: 7.6%) while the Group's borrowing cost is 5.7% (2013: 7.2%).

At 31 December 2014 our directly owned properties were valued at £103.7 million, compared to £102.1 million in the previous year. Total assets under management including those of our joint ventures amounted to £250 million (2013: £238 million).

Our gross property income for 2014 amounted to £7.1 million (2013: £7.6 million). The Group loss before tax is £2.7 million (2013 profit £1.1 million). The result has, however, been impacted materially by the now terminated interest rate derivatives. Some £1.1 million has been charged in the current year as compared with a credit last year of £4.4 million. Had this been excluded the result this year would have been a small loss of £1.6 million (mainly attributable to short term loss of income in Sheffield and £1.1 million new interest derivatives charge) as compared with an adjusted loss in 2013 of £3.3 million. The after tax position is similarly affected by a deferred tax charge of £4.8 million arising as a result of the repayment of interest rate derivatives in the year.

There is strong investor demand for shopping centres and retail property following a recovery in occupational demand. Rental levels for shops found a floor during 2014 and, in many locations, are now showing growth. A tightening of yields has meant that investors have looked outside London with more enthusiasm and provincial locations are in greater demand than for some time. In this environment of low interest rates and attractive risk premia, the value of the shopping centres in our portfolio should remain firm. As shareholders know, we have deliberately focused on both major city centres and value-orientated shopping locations. We expect both of these types of rental locations to continue to perform.

This year for the first time we have consolidated the accounts of Bisichi Mining into our own, because under new accounting standard IFRS 10 we have effective control of Bisichi. This means that our accounts have been restated for 2013 as well. In reality, there has been no change in the relationship between the companies and Bisichi continues to be managed independently of LAP. While this change means that our accounts contain much more detail about the mining company and its assets and liabilities, there is no material difference to our net asset value. Previously we included only the value of our share of Bisichi's net assets, while we now include the full value of all the assets and liabilities and deduct the amount attributable to the other shareholders.

We report on LAP's directly-owned portfolio

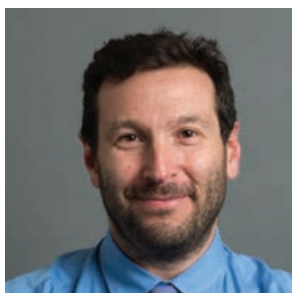
ORCHARD SQUARE, SHEFFIELD

There has been much activity at Orchard Square, our shopping centre in the heart of Sheffield. On Fargate, Sheffield's prime shopping street, most of the former Republic unit is under offer to a strong covenant for 15 years. The proposed letting is at ERV and will lead to a cash flow improvement of nearly £600,000 net per annum once rent free periods have expired and taking into account non-recoverable expenses currently payable. We will split the unit as part of the transaction, and there will be an additional smaller unit available once these works are completed.

Elsewhere at Orchard Square, we agreed a new lease with River Island on our other unit fronting onto Fargate at £495,000 per annum. Since we reported on this letting in our interim accounts, Sheffield Council has revealed its plans for the New Retail Quarter, a significant redevelopment in the City Centre which will link Fargate with The Moor, Sheffield's other prime pedestrianised high street. Although we have not seen detailed plans yet, we view this news as positive and are confident that our position in Sheffield's retail hierarchy will be enhanced as the new scheme extends the prime retail pitch and further consolidates our position. We also believe that our two Fargate units will become reversionary once the development is completed.

Elsewhere in our Centre, Schuh signed a reversionary lease and refitted its stores and we let the only two empty shops in the Centre to a bubble tea operator and to a chocolatier. Since the year end, two further units have become available due to tenants relocating to larger units which we do not have available within our Centre. We currently have both units under offer to national retailers. All lettings will at least maintain the £80 Zone A rental level of the Centre.

Once these lettings complete, the retail units at Orchard Square will be effectively fully let.



BRIXTON MARKET

Our two markets continue to trade exceptionally well. The units remain fully let, and the waiting list of traders seeking space within the markets continues to grow.

Within Brixton, Lambeth Council is currently promoting two significant redevelopments. One, directly to the rear of Brixton Village, is a major development of Somerleyton Road that will comprise a cultural hub (including a theatre), a chef school, along with some 350 new homes and a small element of retail.

The second development is on the other side of Brixton Village and will comprise several hundred new homes plus further retail and leisure units to compliment those that we already own. Both of these events will place our markets at the very heart of a thriving major London village. We believe that this will have a positive effect on rental levels in the medium term.

WEST BROMWICH

Kings Square has had a challenging year as West Bromwich absorbed a number of recently developed units and a new Tesco Extra. This had led to a surfeit of available space in the town.

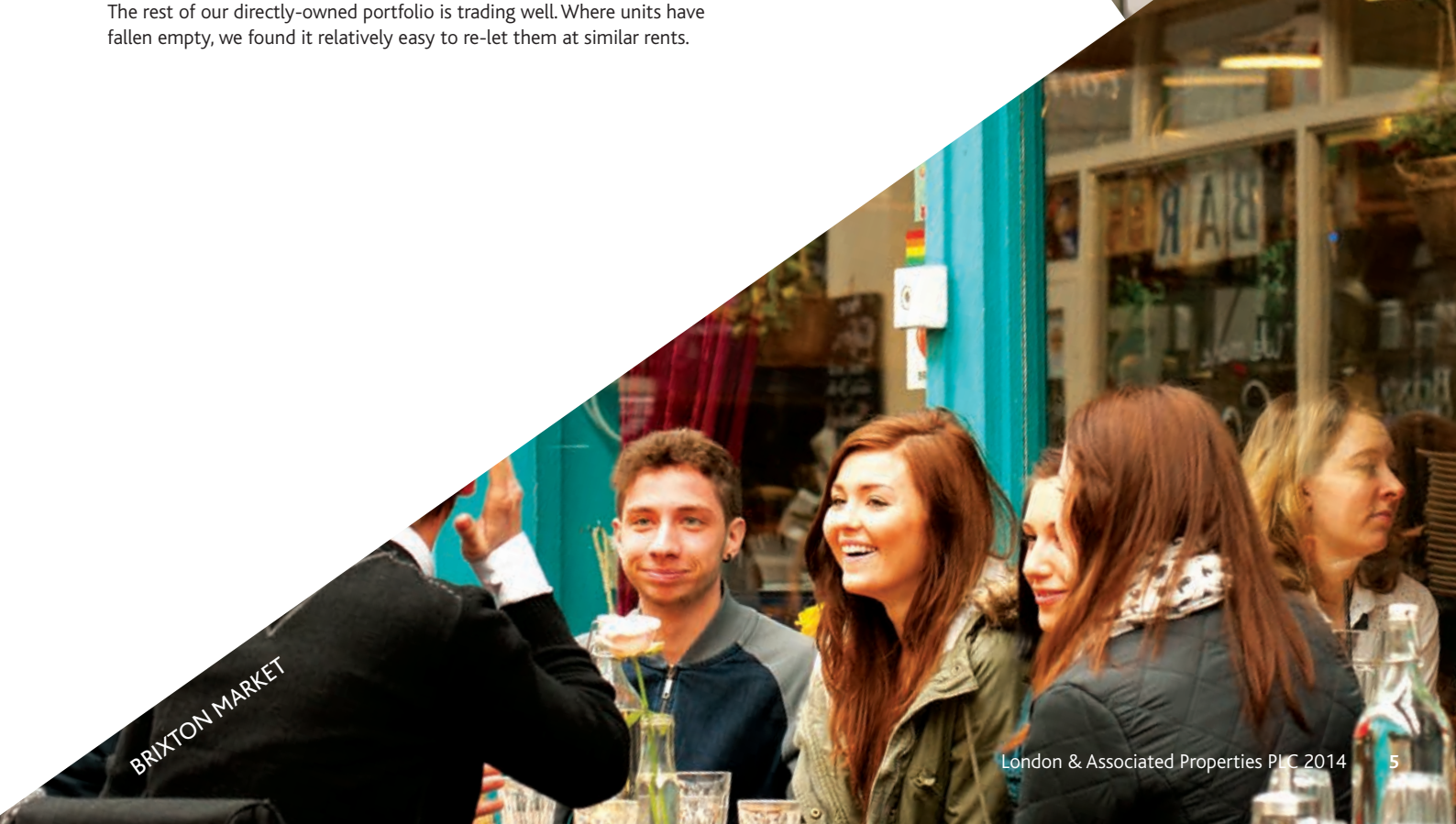
Last year, two of our tenants were enticed away with rental offers from rival Centres that we were unwilling to match. However, we have acted decisively to secure our position and have commenced lease extensions with a number of the anchor stores there. In addition, we have let a large unit to Pepkor, a retail chain from South Africa. We have also placed two units under offer to national retailers who will be new to the town.

We feel that there is a positive shift in momentum at our Centre which we intend to capitalise upon. We will also carry out a re-branding of the Centre during this year.

The rest of our directly-owned portfolio is trading well. Where units have fallen empty, we found it relatively easy to re-let them at similar rents.



ORCHARD SQUARE, SHEFFIELD



BRIXTON MARKET



KING'S SQUARE, WEST BROMWICH



LANGNEY, EASTBOURNE

We currently have two joint ventures with third parties:

LANGNEY

Our joint venture with Schroders is now in its fourth year and still owns a shopping centre in Langney, Eastbourne. This Centre has recovered from a roof collapse in heavy rain in December 2012 and is once again trading satisfactorily.

We obtained planning consent in 2014 for a 30,000 sq ft extension and are at engrossment stage with an anchor tenant. We have also driven rental growth within the original part of the shopping centre, and together with our joint venture partner, consider this to be a good time to sell this asset. We expect to achieve a substantial surplus over cost.

We now have ownership of 25% of Langney Joint Venture in the enlarged Group.

OAKTREE CAPITAL

Our other joint venture was set up with Oaktree Capital Management in 2013. It owns three shopping centres in Dunfermline, Loughborough and Kings Lynn. We felt at the time that they had suffered from underinvestment and I am pleased to report that early indications bear this out.

Dunfermline

We have achieved a number of important lettings at Kingsgate Shopping Centre as we seek to strengthen its position as a significant fashion-led Centre. During the year we carried out a letting to DW Sports and re-gearred the leases of a number of fashion retailers, including Top Shop. In addition, Somerfield supermarket assigned its lease to 99p Stores. This has led to an improvement in footfall generally for the town, and particularly in that part of the Centre.

We have now put a large unit under offer to a fashion retailer, new to the town, and are close to putting several further units under offer. Additionally, a number of the tenants have refitted their stores as the Centre improves generally.

Loughborough

At the time of acquisition this Centre had a number of empty units, some of which had never been let. Following our management initiatives, The Rushes will be fully let following successful lettings to Poundworld and 108 World Buffet, a Midlands-based restaurant chain and the completion of one final unit which is under offer to a national chain of restaurants. These lettings are ahead of estimated rental value at the time of acquisition and complement the existing tenant line-up which includes Tesco, Marks & Spencer, Next, TK Maxx and Argos. There is strong institutional demand for Centres with this quality of tenants. As there is now limited opportunity for further active management, this property is likely to be disposed of during the course of the year.

Kings Lynn

We have carried out a number of lettings at the Vancouver Centre to fashion retailers, including Select Fashion, Discount Shoe Zone and Romans Originals. In addition we have re-gearred leases with a number of the existing fashion operators there as we seek to maximise occupancy and improve tenant mix.

We are also exploring a major redevelopment of one section of the Centre and have an offer from a national fashion retailer who wishes to rent the majority of the space. The Council, which is the freeholder, is very supportive of the proposal and we are in negotiations with them to take this initiative forward.



BISICHI MINING PLC

Bisichi Mining PLC ("Bisichi") operates an open cast coal mine in Middelburg, South Africa and continues to operate in an environment of historically low coal prices.

Bisichi achieved EBITDA of £4.7 million in 2014 compared to £3.0 million the previous year. The uplift was due to successful trading at Black Wattle Colliery, Bisichi's direct coal mining asset in Middelburg, South Africa. This was particularly pleasing as a year earlier the mining operation had run into old unrecorded underground workings. A turnaround plan was put in place which involved the swift movement of the machinery to two of Bisichi's more profitable production pits in order to increase production from these areas.

Bisichi's Run of Mine production from Black Wattle weakened in 2014, with total production for the year of 1.53 million metric tonnes (2013: 1.77 million metric tonnes); production improved in the second half of the year.

Although the plan initially suffered a set-back caused by unusually heavy rainfall in the first quarter of 2014, Black Wattle steadily increased production from its lower costing pits. This ensured that the mine returned to acceptable levels of profitability in the second half of 2014.

In regard to the new reserve at Blue Nightingale, plans were initiated to develop the reserve by the end of 2014. Bisichi reports that delivery of coal from the reserve has commenced and they expect the reserve to begin contributing to earnings this year.

Black Wattle will look to combine production from Black Wattle's existing reserves with coal received from the new reserve at Blue Nightingale.

Bisichi also signed a new £6 million 5-year term loan facility with Santander UK plc. This new loan replaces the previous £5 million term facility and overdraft facility held with Royal Bank of Scotland. This new loan is secured against Bisichi's UK retail property portfolio which was externally valued at the 2014 year end at £11.6million (2013: £11.6 million).

The coal mining income fell in the year from £34.1 million in 2013 to £25 million. However, due to lower production costs the operating profits increased.


Bisichi continues to seek to balance the high risk of its mining operations with the dependable cash flow from its UK property investment operations.

DIVIDENDS

LAP is pleased to recommend a dividend of 0.156p, an increase of 25% over the dividend of 2013.

On behalf of the Board and shareholders, I would like to thank all of our staff for their hard work during the course of the year.

Robert Corry retired in December 2014 and we record our appreciation of his hard work and contribution to the Group over the last 22 years. He is replaced by Anil Thapar, who has been with the Group since 2005. We welcome Anil to the Board and look forward to continuing to work with him.



Sir Michael Heller,
Chairman

21 May 2015



John Heller,
Chief Executive

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PORTFOLIO OVERVIEW

BRIXTON VILLAGE AND MARKET ROW

CRITICALLY ACCLAIMED AS A TOP 10 VALUE
LOCATION FOR EATING IN UK
GUARDIAN (LIFE AND STYLE) JANUARY 2014

COLOURFUL AND ECLECTIC

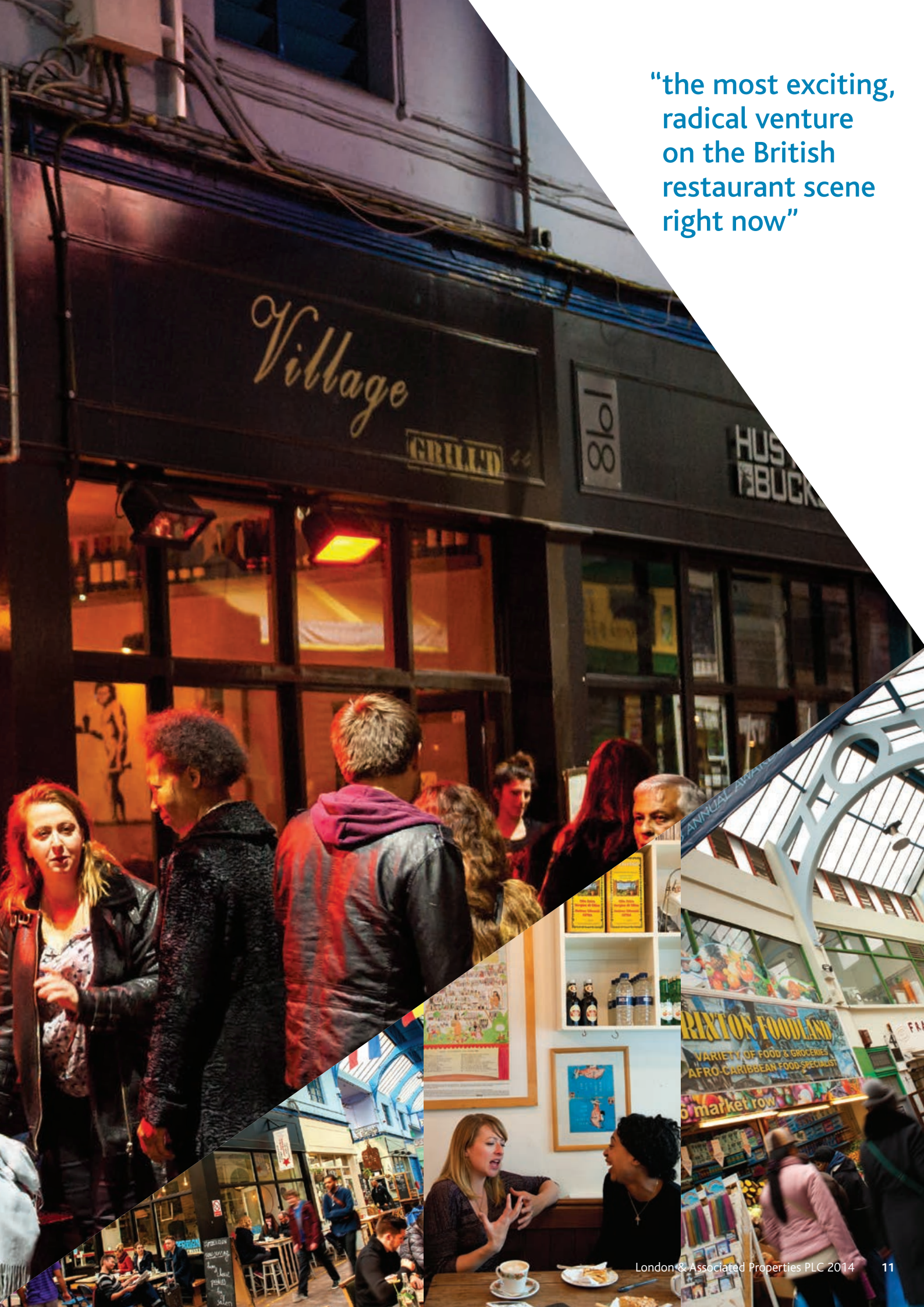
OVER 160 TRADERS ON WAITING LIST

BRIXTON VILLAGE MARKET HAS BECOME
THE DESTINATION FOR BUDGET EATING
IN SOUTH LONDON

TIME OUT



“the most exciting,
radical venture
on the British
restaurant scene
right now”



FINANCIAL REVIEW

The financial statements for 2014 have been prepared to reflect the requirements of IFRS 10. This has meant that the accounts of Bisichi Mining PLC (a London Stock Exchange main market quoted company – BISI) (“Bisichi”), have been consolidated with those of LAP.

Bisichi continues to operate as a fully independent company and currently LAP owns only 41.52% of the issued ordinary share capital. However, because related parties also have shareholdings in Bisichi and there is a wide disposition of other shareholdings, LAP now has effective control of Bisichi for accounting purposes. This also means that Dragon Retail Property Limited (“Dragon”), our 50:50 joint venture with Bisichi is consolidated.

In previous years the accounts reflected only our interests in the results and net assets of Bisichi and Dragon. These interests were included as a single line on the income statement and balance sheet, either as an associated company or as a joint venture. The revised treatment means that the income and net assets are disclosed in full and the value attributable to the “non-controlling interest” (58.48%) is shown as a liability. There is, therefore, no impact on the net assets attributable to LAP shareholders although there is much more disclosure.

Cash flow

As reported in 2013, LAP completed the disposal of Windsor Shopping Centre in January 2014 and the sale proceeds of £105 million were utilised to repay the Bank of Scotland (“BOS”) loan of £70 million plus the costs of settling the related interest derivatives of £14.6 million. These proceeds were also utilised to meet the costs (£10.7 million) of terminating the remaining Royal Bank of Scotland (“RBS”) derivatives while still leaving surplus cash for further investment.

A major event during the year was the repayment of all borrowings from RBS. The RBS facility was replaced by a five year £45 million non-recourse loan from Santander, as senior lender, supported by Europa Capital Mezzanine Limited, as mezzanine lender. The senior loan facility is fully hedged with 50% of the loan being swapped at a rate of 2.25 % and the remaining 50% loan being covered by an interest cap at 2.25 %. This gives a blended current interest rate of 4.79 % for the total £45 million debt.

LAP’s long term debt (excluding Bisichi and Dragon), at the year-end consists of the new £45 million facility expiring in July 2019 and two debentures; one of £10 million expiring in August 2022 and another of £5 million with staged repayments to August 2018.

Since the year end, we have repaid £1.25m of the £5 million debenture, leaving £750,000 to be repaid in August 2017 and the balance of £3 million in August 2018. All debentures are secured on core property and are covenant compliant.

Our investment in a joint venture with Oaktree Capital Management (HRGT Shopping Centres LP), remains profitable and is generating management fees for our wholly owned management subsidiary (London & Associated Management Services Limited). We also received a £300,000 partial repayment of our loan investment.

LAP acquired a property in New Kings Road, London at a cost of £0.68 million from our cash resources. This has since been included in the security for a debenture stock.

After deducting bank overdrafts, LAP group, excluding Bisichi and Dragon, had £6.3 million (2013: £5.5 million) of cash and cash equivalent balances.

Income statement

As the Group’s income statement now includes the income of Bisichi and Dragon on a consolidated basis, the 2013 figures has been restated. However shareholders in LAP will wish to understand the results without the distortions arising from this consolidation. The table below gives, I believe, a clearer understanding of Group results.

Our results have been affected by some exceptional factors this year. Firstly, we spent £25.3 million on the termination of long dated swaps, which we had used to hedge our loans from BOS and RBS. While we had provided for the expected losses in the 2013 accounts, the actual costs of termination were higher, resulting in a further charge of £1.1 million against income in this year.

LAP has now reorganised its finances at lower interest rates along with corresponding hedges, which have resulted in reduced interest costs from July 2014 onwards.

The new swaps covering the Santander loan cost £1.08 million being a premium of £0.43 million payable for the interest cap and a mark to market charge of £0.65 million to reflect the year-end fair valuation of the swaps.

The operating profits were further reduced by exceptional costs of £0.6 million relating to non-recoverable property costs and the loss of a significant tenant in Sheffield (Republic) which resulted in a short term loss of rental income.

The cost of the £45 million borrowing was £1.18 million which is amortised over five years, being the period of the loan. This results in an additional cost of £0.1 million this year. There were additional professional fees and other costs of £0.5 million relating to the refinancing of the RBS debts together with related group restructuring. A further £0.3 million was spent on office costs relating to the renewal of the current office lease and the net costs of the previous sub-let office premises where the lease expired in October 2014.



The results before tax, including Bisichi and Dragon, revaluation and other non-cash movements, show a loss of £2.7 million (2013: profit of £1.1 million). The segmental analysis in note 1 to the financial statements shows the split position, after excluding inter-company transactions.

The income tax charge of £3.7 million is mostly due to deferred tax provision release, as a result of the repayment of 2013 interest derivative liabilities.

	2014 £'000	2013 £'000
LAP	(4,305)	810
Bisichi	1,531	(85)
Dragon	81	414
(Loss)/profit before taxation	(2,693)	1,139

Note: The figures excludes inter company revenue.

Balance sheet

Taking account of the changes required by IFRS 10 (see table below) LAP has group net assets of £53.4 million (2013: £59.7 million).

Net assets per share attributable to equity shareholders at the year-end were 50.35p per share (2013: 59.00p per share).

	LAP Original Group £'000	Bisichi Mining PLC Group £'000	Dragon Retail Properties £'000	Consolidation adjustments £'000	LAP Net assets £'000
2014					
Investment properties	93,563	11,770	3,110	–	108,443
Other fixed assets	178	6,064	15	–	6,257
Investments in associate	7,184	–	–	(7,184)	–
Investments in joint ventures	2,276	3,938	–	(1,740)	4,474
Other non current assets	4,520	152	–	–	4,672
Current assets	8,497	12,289	2,693	(4,755)	18,724
Current liabilities	(10,560)	(7,148)	(1,984)	4,755	(14,937)
Non-current liabilities	(62,812)	(9,346)	(2,102)	–	(74,260)
Net assets	42,846	17,719	1,732	(8,924)	53,373
2013					
Investment properties	92,046	11,755	3,110	–	106,911
Other fixed assets	203	7,096	19	–	7,318
Investments in associate	6,986	–	–	(6,986)	–
Investments in joint ventures	2,607	4,219	–	(3,532)	3,294
Other non current assets	7,851	151	–	–	8,002
Current assets	136,959	12,980	3,617	(5,660)	147,896
Current liabilities	(167,696)	(16,124)	(1,112)	5,660	(179,272)
Non-current liabilities	(29,222)	(3,090)	(2,102)	–	(34,414)
Net assets	49,734	16,987	3,532	(10,518)	59,735

BISICHI MINING PLC

Although the results of our associated company have been consolidated in these financial statements, the Board of LAP has no direct influence over the management of Bisichi. The comments below are based on the published accounts of Bisichi.

The Bisichi group results in full are stated in its published 2014 financial statements which are available on its website: www.bisichi.co.uk.

The Bisichi group achieved earnings before interest, tax, depreciation and amortisation (EBITDA) of £4.6 million (2013: £3.0 million). Of these earnings £3.5 million was generated in the second half of the year. Profit for the year after tax was £1.2 million (2013: £0.36 million). Bisichi has two core revenue streams -- investment in retail property in the UK; and coal mining in South Africa.

The turnaround plan of Bisichi management at Black Wattle Colliery, the direct coal mining asset in South Africa was successful. The coal mined during the year, at a lower cost of production than 2013, helped offset the impact of weaker international coal prices. The mining turnover for the year was £25.5 million (2013: £34.1 million) and mining operating profit was £721,000 (2013: operating loss £545,000).

The UK retail property portfolio valued at the year end at £11.6 million (2013: £11.6 million) and which underpins the Bisichi group, is actively managed by LAP and generates rental income of £931,000 (2013: £953,000).

The Bisichi group signed a £6 million five year term loan with Santander in 2014 and the interest cost of the loan is 2.35% above LIBOR. The Bisichi group's cash and cash equivalents at the year-end was £2.8 million (2013: £1.7 million).

Bisichi's net assets at 31 December 2014 were £17.7 million (2013: £17.0 million).

ACCOUNTING JUDGEMENTS AND GOING CONCERN

The most significant judgements made in preparing these accounts relate to the carrying value of the properties, investments and interest rate hedges. The swaps have been valued by the bank swap provider. The group uses external property valuers to determine the fair value of our properties. Under IFRS10 the group has included Bisichi Mining PLC for the first time in the consolidated accounts, as it is deemed to be under the effective control of LAP and has therefore been treated as a subsidiary.

The Directors exercise their commercial judgement when reviewing the Group's cash flow forecasts and the underlying assumptions on which the forecasts are based. The Group's business activities, together with the factors likely to affect its future development, are set out in the Chairman and Chief Executive's Report and in this review. In addition the Directors consider that note 22 to the financial statements sets out the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; its exposure to credit risk and liquidity risk.

LAP repaid its previous £40 million loan and successfully negotiated a new five year loan for £45 million with non-recourse security on better terms. Appropriate new hedge facilities are in place to minimise interest rate risk and fix cash flows.

With a quality property portfolio comprising a majority of long leases supported by suitable financial arrangements, the Directors believe the company is well placed to manage its business risks successfully, despite the continuing uncertain economic climate. The Directors therefore have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

DIVIDENDS

The directors are proposing a final dividend of 0.156 p per ordinary share payable in July 2015. This is an increase of 25% compared to the 2013 dividend, reflecting the Group's confidence in its trading and future outlook together with the restructured loan facility and cash balances.

THE RUSHES, LOUGHBOROUGH



THE RUSHES

PRINCIPAL ACTIVITY, STRATEGY & BUSINESS MODEL

The Group's principal business model is the investment in and management of town centre retail property through direct investment and joint ventures, where we manage the property ourselves and on behalf of our partners.

The principal activity of Bisichi Mining PLC is coal mining in South Africa. Further information is available in their 2014 Financial Statements which are available on their web site: www.bisichi.co.uk.

STRATEGIC PRIORITIES ARE	OUR STRATEGY IS
MAXIMISING INCOME	By achieving an appropriate tenant mix and shopping experience we can increase footfall through the centres, hence increase tenant demand for space and enhance income.
CREATING QUALITY PROPERTY	We look to improve the consumer experience at all our centres by achieving an appropriate tenant mix and a vibrant trading environment through investment activity, enhancement, refurbishment and development.
CAPITAL STRENGTH	We operate within a prudent and flexible financial structure. Our gearing, which has been substantially reduced, provides financial stability whilst giving capacity and flexibility to look for further investments.
MAINTAIN THE VALUE OF INVESTMENT IN BISICHI	By encouraging the Bisichi management to maximise sustainable profits and cash distributions.



RISK AND UNCERTAINTIES

DESCRIPTION OF RISK	DESCRIPTION OF IMPACT	MITIGATION
ASSET MANAGEMENT:		
TENANT FAILURE	Financial loss.	Initial and subsequent assessment of tenant covenant strength combined with an active credit control function.
LEASES NOT RENEWED	Financial loss.	Lease expiries regularly reviewed. Experienced in house teams with strong tenant and market knowledge who manage appropriate tenant mix.
ASSET LIQUIDITY (SIZE AND GEOGRAPHICAL LOCATION)	Assets may be liquid and affect flexing of balance sheet.	Regular reporting of current and projected position to the Board with efficient treasury management.
PEOPLE:		
RETENTION AND RECRUITMENT OF STAFF	Unable to retain and attract the best people for the key roles.	Nomination Committee and senior staff review skills gaps and succession planning. Training and development offered.
REPUTATION:		
BUSINESS INTERRUPTION	Loss in revenue. Impact on footfall. Adverse publicity. Potential for criminal/civil proceedings.	Documented Recovery Plan in place. General and terrorism insurance policies in place and risks monitored by trained security staff. Health and Safety policies in place. CCTV in centres.
FINANCING:		
FLUCTUATION IN PROPERTY VALUES	Impact on covenants and other loan agreement obligations.	Secure income flows. Regular monitoring of LTV and IC covenants and other obligations. Focus on quality assets.
REDUCED AVAILABILITY OF BORROWING FACILITIES	Insufficient funds to meet existing debts/interest payments and operational payments.	Efficient treasury management. Loan facilities extended where possible. Regular reporting of current and projected position to the Board.
LOSS OF CASH AND DEPOSITS	Financial loss.	Only use a spread of banks and financial institutions which have a strong credit rating.
FLUCTUATION OF INTEREST RATES	Uncertainty of interest rate costs.	Manage derivative contracts to achieve a balance between hedging interest rate exposure and minimising potential cash calls.



BISICHI RISK AND UNCERTAINTIES

Bisichi Mining PLC, our associate which we now consolidate under IFRS 10 has a number of key risks and uncertainties relating to mining for coal.

COAL PRICE RISK

The Bisichi's mining operational earnings are largely dependent on movements in the coal price.

COAL WASHING

The Bisichi's mining operation's earnings are highly sensitive to coal washing, therefore a stoppage or disruption to the process could significantly impact earnings. However, there is scope to raise earnings substantially if the yield from the washing process is improved even marginally.

MINING RISK

Attached to mining there are inherent health and safety risks. Any such safety incidents disrupt operations, and can slow or even stop production. The Bisichi has a comprehensive Health and Safety programme in place to mitigate this. As with many mining operations, the reserve that is mined has the risk of not having the qualities and accessibility expected from geological and environmental analysis.

CURRENCY RISK

The Bisichi's South African operations are sensitive to currency movements, especially those between the South African Rand, US Dollar and British Pound.

NEW RESERVES AND MINING PERMISSIONS

The acquisition of additional reserves, permissions to mine and new mining opportunities in South Africa generally are contingent on a number of factors outside of the Bisichi's control, e.g. approval by the Department of Mineral Resources and the Department of Water Affairs and Forestry.

REGULATORY RISK

The Bisichi's South African operations are subject to the government Mining Charter and scorecard which primarily seeks to:

- Promote equitable access to South Africa's mineral resources for all people in South Africa;
- Expand opportunities for historically disadvantaged South Africans (HDSAs), including women, to enter the mining and minerals industry and benefit from the extraction and processing of the country's resources;
- Utilise the existing skills base for the empowerment of HDSAs;
- Expand the skills base of HDSAs in order to serve the community;
- Promote employment and the social and economic welfare of mining communities and areas supplying mining labour; and
- Promote beneficiation of South Africa's mineral commodities beyond mining and processing, including the production of consumer goods.

The Bisichi continues to make good progress towards meeting the Charter requirements. However any regulatory changes to these, or failure to meet existing targets, could adversely affect the mine's ability to retain its mining rights in South Africa.

TRANSPORT RISK

At present the government owned Transnet Freight Rail (TFR) is the sole rail freight provider for coal in South Africa. The Bisichi's South African operations are therefore reliant on TFR for delivery of its export quality coal directly or indirectly via the Southern African ports to its end customers.

POWER SUPPLY RISK

The current utility provider for power supply in South Africa is the government run Eskom. Eskom continues to undergo capacity problems resulting in power cuts and lack of provision of power supply to new projects. The Bisichi's mining operations have to date not been affected by power cuts.

FLOODING RISK

The Bisichi's mining operations are susceptible to seasonal flooding which could disrupt production. Management monitors water levels on an ongoing basis and various projects have been completed, including the construction of additional dams, to mitigate this risk.

ENVIRONMENTAL RISK

The Bisichi's South African mining operations are required to adhere to local environmental regulations.

HEALTH & SAFETY RISK

The Bisichi's South African mining operations are required to adhere to local Health and Safety regulations.

LABOUR RISK

The Bisichi's mining operations and coal washing plant facility are labour intensive and unionised. Any labour disputes, strikes or wage negotiations may disrupt production and impact earnings.

CASHFLOW RISK

Bisichi seeks to balance the high risk of our mining operations with a dependable cash flow from their UK property investment operations. Fluctuations in property values, which are reflected in the Consolidated Income Statement and Balance Sheet, are dependent on an annual valuation of commercial properties. A fall in UK commercial property can have a marked effect on the profitability and the net asset value of the Bisichi. However, due to the long term nature of the leases, the effect on cash flows from property investment activities will remain stable as long as tenants remain in operation.

KEY PERFORMANCE INDICATORS

The Group's Key Performance Indicators are selected to ensure clear alignment between its strategy and shareholder interests. The KPIs are calculated using data from management reporting systems.

STRATEGIC PRIORITY	KPI	PERFORMANCE							
MAXIMISING INCOME – LIKE FOR LIKE PROPERTY INCOME									
TO INCREASE THE LIKE-FOR-LIKE INCOME FROM THE PROPERTY YEAR ON YEAR.	Like-for-like rental income as a percentage of the prior year rental.	The like-for-like rental income has fallen by £0.5m. This was primarily due to the loss of Republic at Sheffield, where the unit is currently under offer.	<p>LIKE-FOR-LIKE INCOME</p> <table border="1"> <caption>Like-for-like income percentage</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>0.0%</td> </tr> <tr> <td>2014</td> <td>-8.0%</td> </tr> </tbody> </table>	Year	Percentage	2013	0.0%	2014	-8.0%
Year	Percentage								
2013	0.0%								
2014	-8.0%								
MAXIMISING INCOME – OCCUPANCY									
WE AIM TO MAXIMISE THE TOTAL INCOME IN OUR PROPERTIES BY ACHIEVING FULL OCCUPANCY.	The ERV of the empty units as a percentage of our total income.	Void levels were higher in a difficult trading environment. Void levels to date, excluding units let since the year end or currently under offer, is 2.6%.	<p>VOIDS</p> <table border="1"> <caption>Void levels percentage</caption> <thead> <tr> <th>Year</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>3.0%</td> </tr> <tr> <td>2014</td> <td>5.0%</td> </tr> </tbody> </table>	Year	Percentage	2013	3.0%	2014	5.0%
Year	Percentage								
2013	3.0%								
2014	5.0%								
CAPITAL STRENGTH – GROWTH IN NET ASSET VALUE PER SHARE									
THE NET ASSETS PER SHARE IS THE PRINCIPAL MEASURE USED BY THE GROUP FOR MONITORING ITS PERFORMANCE AND IS AN INDICATOR OF THE LEVEL OF RESERVES AVAILABLE FOR DISTRIBUTION BY WAY OF DIVIDEND.	Movement in the net assets per share.	The net assets per share fell by 8.65 pence per share or 14.6%. However the strength and quality of net NAV is significantly improved as a result of the re-financing.	<p>NET ASSETS PER SHARE</p> <table border="1"> <caption>Net Assets per Share (pence)</caption> <thead> <tr> <th>Year</th> <th>NAV per share</th> </tr> </thead> <tbody> <tr> <td>2013</td> <td>65.0</td> </tr> <tr> <td>2014</td> <td>56.35</td> </tr> </tbody> </table>	Year	NAV per share	2013	65.0	2014	56.35
Year	NAV per share								
2013	65.0								
2014	56.35								

PORTFOLIO OVERVIEW

KINGSGATE, DUNFERMLINE

309,000 SQ FT MODERN SHOPPING CENTRE,
IN THE HEART OF DUNFERMLINE

BENEFITS FROM THE PRINCIPLE SHOPPERS
CAR PARK WITH 711 SPACES AND
DUNFERMLINE BUS STATION IS SITUATED
ADJACENT TO THE CENTRE

THE PRIME FASHION PITCH WITHIN THE
TOWN ANCHORED BY DEBENHAMS
DEPARTMENT STORE

KEY FASHION RETAILERS INCLUDE;
RIVER ISLAND, NEW LOOK, H&M,
TOPSHOP AND M&S

AVERAGE WEEKLY FOOTFALL OF
160,000 PEOPLE





CORPORATE RESPONSIBILITY

GREENHOUSE GAS REPORTING

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations for the reporting period 1st January 2014 to 31st December 2014. The emissions are detailed in tables 1, 2, 3 and 4 below.

We have employed the Financial Control definition to outline our carbon footprint boundary. Included within that boundary are Scope 1 & 2 emissions from the landlord & tenant controlled areas of shopping centres and facilities that we own. These include Orchard Square, Brewery Street, Brixton Market, Shipley, Bridgend and Kings Square. King Edward Court, Windsor, was sold in January 2014 so the gas and electricity usage for this site along with their associated emissions are reported for January 2014 only. This site was the largest of all LAP properties, making up 60% of total LAP emissions in 2013. As such, the selling of King Edward Court has resulted in a significant reduction in LAP emissions for the 2014 reporting year.

Excluded from our footprint boundary are properties that we manage on behalf of others or are not wholly owned by LAP and emissions considered non material by the business.

We have reported on emissions from Scope 1 & 2 emissions sources only. We have not measured and reported on our Scope 3 emissions sources.

Emissions for landlord controlled areas have been calculated based on actual consumption information collected from each shopping centre. Emissions from tenant controlled areas have been calculated based on floor area and energy consumption benchmarks for general retail services in the UK.

Bisichi has employed the Operational Control boundary definition to outline our carbon footprint boundary. Included within that boundary are Scope 1 & 2 emissions from coal extraction and onsite mining processes for Black Wattle Colliery. We have not measured and reported on our Scope 3 emissions sources. Excluded from the footprint boundary are emission sources considered non material by the group, including refrigerant use onsite.

We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and guidance provided by UK's Department of Environment and Rural Affairs (DEFRA) on voluntary and mandatory carbon reporting. Emission factors were used from UK Government's GHG Conversion Factors for Company Reporting 2014.

As well as reporting Scope 1 and Scope 2 emissions, legislation requires that at least one intensity ratio is reported for the given reporting period. The intensity figure represented below shows the emissions in tCO₂e per thousand pounds revenue.

TABLE 1. LANDLORD & TENANT CONTROLLED AREAS

	EMISSIONS SOURCE	2014	2013	% DIFFERENCE
SCOPE 1 EMISSIONS	Natural gas (tCO ₂ e)	129	227	-43%
	Refrigerants (tCO ₂ e)	0	9	-100%
SCOPE 2 EMISSIONS	Electricity (tCO ₂ e)	4,386	5,829	-25%
	Total tCO₂e	4,515	6,065	-26%
	<i>Intensity ratio (tCO₂e/£thousand)</i>	<i>0.70</i>	<i>0.43</i>	<i>60%</i>

TABLE 2. LAP CONTROLLED AREAS

	EMISSIONS SOURCE	2014	2013	% DIFFERENCE
SCOPE 1 EMISSIONS	Natural gas (tCO ₂ e)	129	227	-43%
	Refrigerants (tCO ₂ e)	0	9	-100%
SCOPE 2 EMISSIONS	Electricity (tCO ₂ e)	346	939	-52%
	Total tCO₂e	475	1,175	-50%

TABLE 3. TENANT CONTROLLED AREAS

	EMISSIONS SOURCE	2014	2013	% DIFFERENCE
SCOPE 1 EMISSIONS	Natural gas (tCO ₂ e)	-	-	-
	Refrigerants (tCO ₂ e)	-	-	-
SCOPE 2 EMISSIONS	Electricity (tCO ₂ e)	4,040	4,890	-17%
	Total tCO₂e	4,040	4,890	-17%

TABLE 4. COAL MINING CARBON FOOTPRINT

	2014 CO ₂ E TONNES	2013 CO ₂ E TONNES
EMISSIONS SOURCE:		
Scope 1 Combustion of fuel & operation of facilities	14,867	24,862
Scope 1 Emissions from coal mining activities	26,872	31,014
Scope 2 Electricity, heat, steam and cooling purchased for own use	8,300	9,947
Total	50,039	65,823
INTENSITY:		
Intensity 1 Tonnes of CO ₂ per pound sterling of revenue	0.00189	0.00188

ENVIRONMENT

The Group's principal UK activity is property investment, which involves renting premises to retail businesses. We seek to provide those tenants with good quality premises from which they can operate in an efficient and environmentally friendly manner. Where possible, improvements, repairs and replacements are made in an environmentally efficient manner and waste re-cycling arrangements are in place at all of the Company's locations.

EMPLOYEE, SOCIAL, COMMUNITY AND HUMAN RIGHTS

The Group's principal UK activity is to attract staff and motivate employees by offering competitive terms of employment. The Group provides equal opportunities to all employees and prospective employees including those who are disabled.

DIRECTOR, EMPLOYEES AND GENDER REPRESENTATION

At the year end the company had 6 directors (6 male, 0 female), 5 senior managers (4 male, 1 female) and 19 employees (8 male, 11 female).

BISICHI MINING PLC

Bisichi Mining PLC's principal activity in the UK is property investment and in South Africa is coal mining. The employment terms and conditions of their UK office employees and South Africa Mining employees are regulated and operated in compliance of all relevant national legislation.

Bisichi Mining PLC's group at the year end had 6 directors (6 male, 0 female), 7 senior managers (6 male, 1 female) and 217 employees (165 male, 52 female).

Detailed information relating to their Strategic Report is available in their 2014 financial statements.

Approved on behalf of the board of directors

Anil Thapar,
Finance Director

21 May 2015

GOVERNANCE

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GOVERNANCE

DIRECTORS & ADVISORS

EXECUTIVE DIRECTORS

Sir Michael Heller MA FCA*
(Chairman)

John A Heller LLB MBA
(Chief Executive)

Robert J Corry BA FCA
(Finance Director) *Resigned 31 December 2014*

Anil K Thapar FCCA
(Finance Director) *Appointed 1 January 2015*

NON-EXECUTIVE DIRECTORS

Howard D Goldring BSC (ECON) ACA †
Howard Goldring has been a member of the board since July 1992, he is a global asset allocation specialist and has over 30 years' experience in the real estate market. He is Executive Chairman of Delmore Asset Management Limited which specialises in the management of investment portfolios for private clients, charities, family trusts and pension funds. He also acts as an advisor providing high level asset allocation advice to family offices and pension schemes, including among others, Tesco Pension Investment Ltd. From 1997-2003 he was consultant director on global asset allocation to Liverpool Victoria Asset Management Limited.

Clive A Parritt FCA CF FIIA #†
Clive Parritt joined the board on 1 January 2006. He is a chartered accountant with over 30 years' experience of providing strategic, financial and commercial advice to businesses of all sizes. He is Chairman of Baronsmead VCT 2 plc and BG Consulting Group Limited as well as being a director of Jupiter US Smaller Companies plc. Clive was President of the Institute of Chartered Accountants in England and Wales in 2011-12. He is Chairman of the Audit Committee and as Senior Independent Director he chairs the Nomination and Remuneration Committees.

Robin Priest
Robin Priest joined the board on 31 July 2013. He is a Managing Director of Alvarez & Marsal Real Estate Advisory Services LLP (A&M) and has more than 30 years' experience in real estate and structured finance. He advises private sector and public sector clients on both operational and financial real estate matters. Prior to joining A&M, Robin Priest was lead partner for Real Estate Corporate Finance in London with Deloitte LLP. He is a member of the investment committee of a European real estate fund. He is also a trustee of London's Oval House Theatre.

* Member of the nomination committee

Senior independent director

† Member of the audit, remuneration and nomination committees

SECRETARY & REGISTERED OFFICE

Anil K Thapar FCCA
24 Bruton Place
London W1J 6NE

AUDITOR

Baker Tilly UK Audit LLP

PRINCIPAL BANKERS

Santander UK plc
Abbey National Treasury Services plc
Europa Capital Mezzanine Ltd

SOLICITORS

Olswang LLP
Pinsent Masons LLP

STOCKBROKER

Westhouse Securities Limited

REGISTRARS & TRANSFER OFFICE

Capita Asset Services
Shareholder Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Telephone 0871 664 0300
(Calls cost 10p per minute + network extras,
lines are open Mon-Fri 9.00am to 5.30pm)
or +44 208 639 3399 for overseas callers.

Website: www.capitaregistrars.com
Email: shareholderenquiries@capita.co.uk

Company registration number
341829 (England and Wales)

WEBSITE

www.lap.co.uk

E-MAIL

admin@lap.co.uk

DIRECTORS' REPORT

The Directors submit their report and the audited accounts, for the year ended 31 December 2014.

STRATEGIC REPORT

A comprehensive review and assessment of the Group's activities during the year as well as its position at the year end and prospects for the forthcoming year are included in the Chairman and Chief Executive's Statement and the Strategic Report. These reports can be found on pages 4 to 23 and should be read in conjunction with this report.

ACTIVITIES

The principal activities of the Group during the year were property investment and development, as well as investment in joint ventures and an associated company. The associated company is Bisichi Mining PLC (Bisichi) in which the Company holds a 42 per cent interest. Bisichi is listed on the main market of the London Stock Exchange and operates in England and South Africa with subsidiaries which are involved in overseas mining and mining investment. The results, together with the assets and liabilities, of Bisichi are consolidated with those of LAP in accordance with the terms of IFRS 10 even though the Group only has a minority interest – under the new rules the 58% majority interest is disclosed as a "non-controlling interest".

BUSINESS REVIEW

Review of the Group's development and performance

A review of the Group's development and performance can be found below and should be read in conjunction with the Strategic Report on pages 12 to 23.

PROPERTY ACTIVITIES

The Group is a long-term investor in property. It acquires retail properties, actively manages those assets to improve rental income and thus seeks to enhance the value of its properties over time. In reviewing performance, the principal areas regularly monitored by the Group include:

- **Rental income** – the aim of the Group is to maximise the maintainable income from each property by careful tenant management supported by sympathetic and revenue enhancing development. Whilst income may be affected adversely by the inability of tenants to pay their rent, rent collection and tenant quality are monitored carefully. Risk is also minimised by a diversified tenant base, which should limit the impact of the failure of any individual tenant.
- **Cash flow** – allowing for voids, acquisitions, development expenditure, disposals and the impact of operating costs and interest charges, the Group aims to maintain a positive cash flow.
- **Financing costs** – the exposure of the Group to interest rate movements is managed partly by the use of swap arrangements (see note 22 on page 71 for full details of the contracts in place) and also by using loans with fixed terms and interest rates. These arrangements are designed to ensure that our interest costs are known in advance and are always covered by anticipated rental income. Details of key estimates adopted are contained in the accounting policies note on page 49.
- **Property valuations** – market sentiment and economic conditions have a direct effect on property valuations, which can vary significantly (upwards or downwards) over time. Bearing in mind the long-term nature of the Group's business, valuation changes have little direct effect on the ongoing activities or the income and expenditure of the Group. Tenants generally have long-term leases, so rents are unaffected by short-term valuation changes. Borrowings are secured against property values and if those values fall very significantly, this could limit the ability of the Group to develop the business using external borrowings. The risk is minimised by trying to ensure that there is adequate cover to allow for fluctuations in value on a short-term basis.

It continues to be the policy of the Group to realise property assets when the valuation of those assets reaches a level at which the directors consider that the long-term rental yield has been reached. The Group also seeks to acquire additional property investments on an opportunistic basis when the potential rental yields offer scope for future growth.

INVESTMENT ACTIVITIES

The investments in joint ventures and Bisichi are for the long term.

LAP manages the UK property assets of Bisichi. However the principal activity of Bisichi is overseas mining investment (principally in South Africa). While IFRS 10 requires consolidation of Bisichi the investment is held to generate income and capital growth over the longer term. It is managed independently of LAP and should be viewed by shareholders as an investment not a subsidiary. The other listed investments are held as current assets to provide the liquidity needed to support the property activities while generating income and capital growth.

Investments in property are made through joint ventures when the financing and spreading of risk make such an approach desirable.

DIVIDEND POLICY

The directors are recommending payment of a final dividend for 2014 of 0.156p per share (2013 0.125p per share).

Subject to shareholder approval, the total dividend per ordinary share for 2014 will be 0.156p per ordinary share (2013 0.125p per share). The final dividend will be payable on Friday 3 July 2015 to shareholders registered at the close of business on 5 June 2015.

THE COMPANY'S ORDINARY SHARES HELD IN TREASURY

At 31 December 2014, 1,032,991 (2013: 1,254,738) ordinary shares were held in Treasury with a market value of £400,284 (2013: £552,084). At the Annual General Meeting (AGM) in June 2014 members renewed the authority for the Company to purchase up to 10 per cent of its issued ordinary shares. The Company will be asking members to renew this authority at the next AGM to be held on Wednesday 24 June 2015.

MOVEMENTS IN TREASURY SHARES DURING THE YEAR:	NUMBER OF SHARES
Treasury shares held at 1 January 2014	1,254,738
Issued for directors' bonuses (264,257 shares at 58.25p)	(264,257)
Issued for staff bonuses (91,728 shares at 58.25p)	(91,728)
Issued for Share Incentive Plan (Directors 5,150 shares at 58.25p)	(5,150)
Issued for Share Incentive Plan (Staff 30,368 shares at 58.25p)	(30,368)
Purchase of shares (171,674 shares at 50.65p)	171,674
Issued for Share Incentive Plan – dividends (1,918 shares at 39.5p)	(1,918)
Treasury shares held at 31 December 2014	1,032,991

Treasury shares are not included in issued share capital for the purposes of calculating earnings per share and net assets per share and they do not qualify for dividends payable.

Following the year-end, 598,373 shares were transferred from Treasury to enable the issue of shares in connection with an approved HMRC Share Incentive Plan and Directors' and Staff bonuses. The shares were issued at 38p on 15 January 2015.

INVESTMENT PROPERTIES

The freehold and long leasehold properties of the Company, its subsidiaries and Bisichi were revalued as at 31 December 2014 by external professional firms of chartered surveyors - Allsop LLP, London (84.07 per cent of the portfolio), Carter Towler, Leeds (11.17 per cent) and by the Directors (4.76 per cent). The valuations, which are reflected in the financial statements, amount to £103.65 million (2013: £102.12 million).

Taking account of prevailing market conditions, the valuation of the properties at 31 December 2014 resulted in an increase of £0.85 million (2013: decrease of £0.2 million). The impact of property revaluations on the Company's joint venture (Langney Shopping Centre Unit Trust) was an increase of £3.98 million (2013: reduction of £0.7 million). The proportion of this revaluation attributable to the Group (net of taxation) is reflected in the consolidated income statement and the consolidated balance sheet.

FINANCIAL INSTRUMENTS

Note 22 to the financial statements sets out the risks in respect of financial instruments. The board reviews and agrees overall treasury policies, delegating appropriate authority for applying these policies to the Chief Executive and Finance Director. Financial instruments are used to manage the financial risks facing the Group and speculative transactions are prohibited. Treasury operations are reported at each board meeting and are subject to weekly internal reporting. Hedging arrangements are in place for the Company, its subsidiaries and joint ventures in order to limit the effect of higher interest rates upon the Group. Where appropriate hedging arrangements are covered in the Chairman and Chief Executive's Statement and the Financial Review.

DIRECTORS

Sir Michael Heller, J A Heller, R J Corry, H D Goldring, C A Parritt and R Priest were Directors of the company for the whole of 2014.

R J Corry retired as a Director on 31 December 2014.

J A Heller and C A Parritt are retiring by rotation at the Annual General Meeting in 2015 and offer themselves for re-election.

A K Thapar was appointed an executive Director on 1 January 2015 and will offer himself for election at the Annual General Meeting in 2015.

Brief details of the Directors offering themselves for re-election, are as follows:

John Heller has been a Director since 1998 and was appointed Chief Executive in September 2001. He has a contract of service determinable upon twelve months' notice. The board has considered the re-appointment of John Heller and recommends his re-election as a Director.

Clive Parritt has been a Director since January 2006 and has a contract of service determinable upon three months' notice and is the Senior Independent Director and chairman of the audit, nomination and remuneration committees. He is a chartered accountant with over 30 years' experience in providing strategic, financial and commercial advice to business. His financial knowledge and broad commercial experience are of significant benefit to the business. The board has considered the re-appointment of Clive Parritt and recommends his re-election as a Director.

Anil Thapar was appointed a Director on 1 January 2015 and is also the Company Secretary. He has a contract of employment determinable upon three months' notice. Anil Thapar is a Chartered Certified Accountant and has worked with LAP as Group Financial Controller since November 2005. He has worked in the property section since 1998 and previously in industry. The board has considered the appointment of Anil Thapar and recommends his election as a Director.

DIRECTORS' INTERESTS

The interests of the Directors in the ordinary shares of the Company, including family and trustee holdings, where appropriate, can be found on page 35 of the Annual Remuneration Report.

SUBSTANTIAL SHAREHOLDINGS

At 31 December 2014 Sir Michael Heller and his family had an interest in 47.6 million shares of the Company, representing 56.3 per cent of the issued share capital net of treasury shares (2013: 47.6 million shares representing 56.5 per cent). Cavendish Asset Management Limited had an interest in 7,705,611 shares representing 9.12 per cent of the issued share capital of the Company (2013: 7,717,314 shares representing 9.16 per cent). James Hyslop had an interest in 3,856,258 shares representing 4.56 per cent of the issued share capital of the Company (2013: 3,856,258 shares representing 4.58 per cent). The Company does not consider that the Heller family have a controlling share interest irrespective of the number of shares held as no individual party holds a majority and there is no legal obligation for shareholders to act in concert. Therefore the Directors deem no party to have control.

The Company is not aware of any other holdings exceeding 3 per cent of the issued share capital. After the year-end and at the date of this report Sir Michael Heller and his family's interest increased to 48 million shares of the Company representing 56.4 per cent of the issued share capital net of treasury shares.

TAKEOVER DIRECTIVE

The Company has one class of share capital, namely ordinary shares. Each ordinary share carries one vote. All the ordinary shares rank *pari passu*. There are no securities issued in the Company which carry special rights with regard to control of the Company.

The identity of all significant direct or indirect holders of securities in the Company and the size and nature of their holdings is shown in "Substantial Shareholdings" above.

The rights of the ordinary shares to which the HMRC approved Share Incentive Plan relates, are exercisable by the trustees on behalf of the employees.

There are no restrictions on voting rights or on the transfer of ordinary shares in the Company, save in respect of Treasury Shares. The rules governing the appointment and replacement of Directors, alteration of the articles of association of the Company and the powers of the Company's Directors accord with usual English company law provisions. Each Director is re-elected at least every three years. The Company has requested authority from shareholders to buy back its own ordinary shares and there will be a resolution to renew the authority at this year's AGM (Resolution 11).

The Company is not party to any significant agreements that take effect, alter or terminate upon a change of control of the Company following a takeover bid. The Company is not aware of any agreements between holders of its ordinary shares that may result in restrictions on the transfer of its ordinary shares or on voting rights.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Directors in office on 31 December 2014 have confirmed that, so far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors has confirmed that they have taken all the steps that they ought to have taken as a Director in order to make them aware of any relevant audit information and to establish that it has been communicated to the auditor.

DIRECTORS AND OFFICERS LIABILITY INSURANCE

The Group maintains Directors and officers insurance, which is reviewed annually and is considered to be adequate by the Company and its insurance advisers.

DONATIONS

No political donations were made during the year (2013: £Nil).
Donations for charitable purposes amounted to £1,005 (2013: £2,548).

GREENHOUSE GAS REPORTING

Details of the Group's Greenhouse Gas Reporting for the year ended 31 December 2014 can be found on page 22 of the Strategic Report.

GOING CONCERN

The directors have reviewed the cash flow forecasts of the Group and the underlying assumptions on which they are based. The Group's business activities, together with the factors likely to affect its future development, are set out in the Chairman's and Chief Executive's Statement and Financial Review. In addition note 22 to the financial statements sets out the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

With secured long term banking facilities, sound financial resources and long term leases in place the Directors believe it remains appropriate to adopt the going concern basis of accounting in preparing the annual financial statements.

CORPORATE GOVERNANCE

The Corporate governance report can be found on page 30 of the annual report and accounts.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 24 Bruton Place, London W1J 6NE on Wednesday 24 June 2015 at 10.30 a.m. Items 1 to 9 will be proposed as ordinary resolutions. More than 50 per cent of shareholders' votes cast at the meeting must be in favour for those resolutions to be passed. Items 10 to 12 will be proposed as special resolutions. At least 75 per cent of shareholders' votes cast at the meeting must be in favour for those resolutions to be passed. The Directors consider that all of the resolutions to be put to the meeting are in the best interests of the Company and its shareholders as a whole and accordingly the board unanimously recommends that shareholders vote in favour of all of the resolutions, as the Directors intend to do in respect of their own beneficial holdings of ordinary shares. Please note that the following paragraphs are only summaries of certain of the resolutions to be proposed at the Annual General Meeting and not the full text of the resolutions. You should therefore read this section in conjunction with the full text of the resolutions contained in the notice of Annual General Meeting.

ORDINARY RESOLUTIONS

Resolution 9 - Authority to allot securities

Paragraph 9.1.1 of Resolution 9 would give the Directors the authority to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal value of £2,836,936. This represents approximately 1/3 (one third) of the ordinary share capital of the Company in issue (excluding treasury shares) as at 15 May 2015 (being the last practicable date prior to the publication of this Directors' Report).

In line with guidance issued by the Investment Association ('IA') paragraph 9.1.2 of Resolution 9 would give the directors the authority to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to a further aggregate nominal value of £2,836,936, in connection with a rights issue. This amount represents approximately 1/3 (one third) of the ordinary share capital of the Company in issue (excluding treasury shares) as at 15 May 2015 (being the last practicable date prior to the publication of this Directors' Report).

The Directors' authority will expire on 31 August 2016 or if earlier the next AGM. The Directors do not currently intend to make use of this authority. However, if they do exercise the authority, the Directors intend to follow best practice as recommended by the Investment Association regarding its use (including as regards the Directors standing for re-election in certain cases).

SPECIAL RESOLUTIONS

The following special resolutions will be proposed at the Annual General Meeting:

Resolution 10 - Disapplication of pre-emption rights

Under company law, when new shares are allotted or treasury shares are sold for cash (otherwise than pursuant to an employee share scheme) they must first be offered to existing shareholders in proportion to their existing shareholdings. This special resolution gives the Directors authority, for the period ending on the date of the next annual general meeting to be held in 2016, to: (a) allot shares of the Company and sell treasury shares for cash in connection with a rights issue or other pre-emptive offer; and (b) otherwise allot shares of the Company, or sell treasury shares, for cash up to an aggregate nominal value of £425,540 representing, in accordance with institutional investor guidelines, approximately 5 per cent of the total ordinary share capital in issue as at 15 May 2015 (being the last practicable date prior to the publication of this Directors' Report) in each case as if the pre-emption rights in company law did not apply.

Save in respect of issues of shares in respect of employee share schemes and share dividend alternatives, the Directors do not currently intend to make use of these authorities. The board intends to adhere to the provisions in the Pre-emption Group's Statement of Principles not to allot shares for cash on a non-pre-emptive basis in excess of an amount equal to 7.5 per cent of the Company's ordinary share capital within a rolling three-year period without prior consultation with shareholders. The Directors' authority will expire on 31 August 2016 or if earlier the next AGM.

Resolution 11 - Purchase of own ordinary shares

The effect of Resolution 11 would be to renew the Directors' current authority to make limited market purchases of the Company's ordinary shares of 10 pence each. The power is limited to a maximum aggregate number of 8,510,809 ordinary shares (representing approximately 10 per cent of the Company's issued share capital as at 15 May 2015 (being the latest practicable date prior to publication of this Directors' Report)). The minimum price (exclusive of expenses) which the Company would be authorised to pay for each ordinary share would be 10 pence (the nominal value of each ordinary share). The maximum price (again exclusive of expenses) which the Company would be authorised to pay for an ordinary share is an amount equal to 105 per cent of the average market price for an ordinary share for the five business days preceding any such purchase. The authority conferred by Resolution 11 will expire at the conclusion of the Company's next annual general meeting to be held in 2016 or 15 months from the passing of the resolution, whichever is the earlier. Any purchases of ordinary shares would be made by means of market purchases through the London Stock Exchange.

If granted, the authority would only be exercised if, in the opinion of the Directors, to do so would result in an increase in earnings per share or asset values per share and would be in the best interests of shareholders generally. In exercising the authority to purchase ordinary shares, the Directors may treat the shares that have been bought back as either cancelled or held as treasury shares (shares held by the Company itself). No dividends may be paid on shares which are held as treasury shares and no voting rights are attached to them.

OTHER MATTERS

Baker Tilly UK Audit LLP has expressed its willingness to continue in office as auditor. A proposal will be made at the Annual General Meeting for reappointment.

By order of the board

Anil Thapar
Secretary

21 May 2015
24 Bruton Place
London
W1J 6NE

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code for Small and Mid-Size Quoted Companies (the QCA Code) published by the Quoted Companies Alliance. The QCA Code provides governance guidance to small and mid-size quoted companies. The paragraphs below set out how the Company has applied this guidance during the year. The Company has complied with the QCA Code throughout the year.

PRINCIPLES OF CORPORATE GOVERNANCE

The board promotes good corporate governance in the areas of risk management and accountability as a positive contribution to business prosperity. The board endeavours to apply corporate governance principles in a sensible and pragmatic fashion having regard to the circumstances of the business. The key objective is to enhance and protect shareholder value.

BOARD STRUCTURE

During the year the board comprised the Chairman, the Chief Executive, one other executive Director and three non-executive Directors. Their details appear on page 26. The board is responsible to shareholders for the proper management of the Group.

The Directors' responsibility statement in respect of the accounts is set out on page 41. The non-executive Directors have a particular responsibility to ensure that the strategies proposed by the executive Directors are fully considered. To enable the board to discharge its duties, all Directors have full and timely access to all relevant information and there is a procedure for all Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the expense of the Group. The board has a formal schedule of matters reserved to it and normally has eleven regular meetings scheduled each year. Additional meetings are held for special business when required.

The board is responsible for overall Group strategy, approval of major capital expenditure and consideration of significant financial and operational matters.

The board committees, which have written terms of reference, deal with specific aspects of the Group's affairs:

- The nomination committee is chaired by C A Parritt and comprises one other non-executive Director and the executive Chairman. The committee is responsible for proposing candidates for appointment to the board, having regard to the balance and structure of the board. In appropriate cases recruitment consultants are used to assist the process. All Directors are subject to re-election at a maximum of every three years.
- The remuneration committee is responsible for making recommendations to the board on the Company's framework of executive remuneration and its cost. The committee determines the contract terms, remuneration and other benefits for each of the executive directors, including performance related bonus schemes, pension rights and compensation payments. The board itself determines the remuneration of the non-executive Directors. The committee comprises two non-executive Directors and it is chaired by C A Parritt. The executive Chairman of the board is normally invited to attend. The Annual Remuneration Report is set out on pages 33 to 37.

The audit committee comprises two non-executive Directors and is chaired by C A Parritt. The audit committee report is set out on page 40.

BOARD AND BOARD COMMITTEE MEETINGS HELD IN 2014

The number of regular meetings during the year and attendance was as follows:

		MEETINGS HELD	MEETINGS ATTENDED
R J Corry	Board	11	11
	Audit committee	2	2
H D Goldring	Board	11	11
	Audit committee	2	2
	Nomination committee	2	2
	Remuneration committee	2	2
Sir Michael Heller	Board	11	11
	Nomination committee	2	2
	Remuneration committee	2	2
J A Heller	Board	11	11
	Audit committee	2	2
C A Parritt	Board	11	11
	Audit committee	2	2
	Nomination committee	2	2
	Remuneration committee	2	2
R Priest	Board	11	10

PERFORMANCE EVALUATION - BOARD, BOARD COMMITTEES AND DIRECTORS

The performance of the board as a whole and of its committees and the non-executive Directors is assessed by the Chairman and the Chief Executive and is discussed with the senior non-executive independent Director. Their recommendations are discussed at the nomination committee prior to proposals for re-election being recommended to the board. The performance of executive Directors is discussed and assessed by the remuneration committee. The senior independent Director meets regularly with the Chairman, executive and non-executive Directors individually outside of formal meetings. The Directors will take outside advice in reviewing performance but have not found this to be necessary to date.

INDEPENDENT DIRECTORS

The senior independent non-executive Director is C A Parritt. The other independent non-executive Directors are H D Goldring and R Priest. Delmore Asset Management Limited (Delmore) is a Company in which H D Goldring is the majority shareholder and a Director. Delmore provides consultancy services to the Company on a fee paying basis. Alvarez and Marsal Real Estate Advisory Services (A&M) is a Company in which R Priest is a Managing Director. A&M provides consultancy and advisory services the Company on a fee paying basis. C A Parritt also provides some advisory services from his accounting practice.

The board encourages all three non-executive Directors to act independently and does not consider that length of service of any individual non-executive Director, nor any connection with the above mentioned consultancy and advisory companies has resulted in the inability or failure to act independently. In the opinion of the board the three non-executive Directors continue to fulfil their roles as independent non-executive Directors.

The independent Directors exchange views regularly between board meetings and meet when required to discuss corporate governance and other issues concerning the Group.

INTERNAL CONTROL

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness at least annually, and for the preparation and review of its financial statements. The board has designed the Group's system of internal control in order to provide the Directors with reasonable assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss. The key elements of the control system in operation are:

- The board meets regularly on full notice with a formal schedule of matters reserved for its decision and has put in place an organisational structure with clearly defined lines of responsibility and with appropriate delegation of authority;
- There are established procedures for planning, approval and monitoring of capital expenditure and information systems for monitoring the Group's financial performance against approved budgets and forecasts;
- The departmental heads are required annually to undertake a full assessment process to identify and quantify the risks that face their departments and functions, and assess the adequacy of the prevention, monitoring and modification practices in place for those risks. In addition, regular reports about significant risks and associated control and monitoring procedures are made to the executive Directors. The process adopted by the Group accords with the guidance contained in the document "Internal Control Guidance for Directors on the Combined Code" issued by the Institute of Chartered Accountants in England and Wales. The audit committee receives reports from external auditors and from executive Directors of the Group. During the period, the audit committee has reviewed the effectiveness of the system of internal control as described above. The board receives periodic reports from all committees.
- There are established procedures for the presentation and review of the financial statements and the Group has in place an organisational structure with clearly defined lines of responsibility and with appropriate delegation of authority.

There are no internal control issues to report in the annual report and financial statements for the year ended 31 December 2014. Up to the date of approval of this report and the financial statements, the board has not been required to deal with any related material internal control issues. The Directors confirm that the board has reviewed the effectiveness of the system of internal control as described during the period.

COMMUNICATION WITH SHAREHOLDERS

Prompt communication with shareholders is given high priority. Extensive information about the Group and its activities is provided in the Annual Report. In addition, a half-year report is produced for each financial year and published on the Company's website. The Company's website www.lap.co.uk is updated promptly with announcements and Annual Reports upon publication. Copies from previous years are also available on the website.

The Company's share price is published daily in the Financial Times. The share price history and market information can be found at <http://www.londonstockexchange.com/prices-and-markets/markets/prices.htm>. The company code is LAS.

There is a regular dialogue with the Company's stockbrokers and institutional investors. Enquiries from individuals on matters relating to their shareholdings and the business of the Group are dealt with promptly and informatively.

The Company's website is under continuous development to enable better communication with both existing and potential new shareholders.

THE BRIBERY ACT 2010

The Company is committed to acting ethically, fairly and with integrity in all its endeavours and compliance with the code is monitored closely.

STATEMENT BY THE CHAIRMAN OF REMUNERATION COMMITTEE

The remuneration committee is pleased to present its report for the year ended 31 December 2014. The report is presented in two parts in accordance with the regulations.

The first part, is the Annual Remuneration Report which details remuneration awarded to Directors and non-executive Directors during the year. The shareholders will be asked to approve the Annual Remuneration Report as an ordinary resolution (as in previous years) at the AGM in June 2015. The second part, is the Remuneration Policy which details the remuneration policy for Directors. This policy was subject to a binding vote by shareholders at the AGM in 2014 and approved for a 3 year period commencing from then. The committee reviewed the existing policy and deemed no changes necessary to the current arrangements.

Both of the above reports have been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Company's auditor, Baker Tilly UK Audit LLP is required by law to audit certain disclosures and where disclosures have been audited they are indicated as such.

C A Parritt
Chairman, Remuneration Committee
21 May 2015

ANNUAL REMUNERATION REPORT

The following information has been audited

SINGLE TOTAL FIGURE OF REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2014

	SALARY AND FEES £'000	BONUSES £'000	BENEFITS £'000	PENSIONS £'000	TOTAL BEFORE SHARE OPTIONS £'000	NOTIONAL VALUE OF VESTING SHARE OPTIONS £'000	TOTAL 2014 £'000
Executive Directors							
Sir Michael Heller*	7	91	40	-	138	n/a	138
J A Heller	333	442	24	36	835	n/a	835
R J Corry	180	-	25	33	238	n/a	238
	520	533	89	69	1,211	-	1,211
Non-executive Directors							
H D Goldring*+	43	-	5	-	48	n/a	48
C A Parritt*+	32	-	-	-	32	n/a	32
R Priest*	63	-	-	-	63	n/a	63
	138	-	5	-	143	-	143
Total	658	533	94	69	1,354	-	1,354

* Note 27 "Related party transactions"

+ Members of the remuneration committee for year ended 31 December 2014

Benefits include the provision of car, health and other insurance and subscriptions

SINGLE TOTAL FIGURE OF REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2013

	SALARY AND FEES £'000	BONUSES £'000	BENEFITS £'000	PENSIONS £'000	TOTAL BEFORE SHARE OPTIONS £'000	NOTIONAL VALUE OF VESTING SHARE OPTIONS £'000	TOTAL 2013 £'000
Executive Directors							
Sir Michael Heller*	7	216	34	-	257	n/a	257
J A Heller	327	326	30	33	716	n/a	716
R J Corry	166	10	24	33	233	n/a	233
	500	552	88	66	1,206	-	1,206
Non-executive Directors							
H D Goldring*+	43	-	5	-	48	n/a	48
C A Parritt*+	32	-	-	-	32	n/a	32
R Priest*	37	-	-	-	37	n/a	37
	112	-	5	-	117	-	117
Total	612	552	93	66	1,323	-	1,323

* Note 27 "Related party transactions"

+ Members of the remuneration committee for year ended 31 December 2013

Benefits include the provision of car, health and other insurance and subscriptions

Sir Michael Heller is a director of Bischi Mining PLC, (a subsidiary for IFRS 10 purposes from this year) and received a salary from that company of £75,000 (2013: £75,000) for services.

Although Sir Michael Heller receives reduced remuneration in respect of his services to the Group, the Group does supply office premises, property management, general management, accounting and administration services for a number of companies in which Sir Michael Heller has an interest. The board estimates that the value of these services, if supplied to a third party, would have been £300,000 (2013: £300,000) for the year. Further details of these services are set out in Note 27 "Related party transactions" to the financial statements.

John Heller is a director of Dragon Retail Properties Limited, (a subsidiary for IFRS 10 purposes from this year) and received benefits from that company of £7,250 (2013: £5,250) for services.

H D Goldring's company, Delmore Asset Management Limited provides consultancy services to the Group. This is detailed in Note 27 to the financial statements.

C A Parritt provides consultancy services to the Group. This is detailed in Note 27 to the financial statements.

R Priest is a managing director of Alvarez & Marsal Real Estate Advisory Services who provide consultancy services to the Group. This is detailed in Note 27 to the financial statements.

R J Corry resigned as a director on 31 December 2014.

GOVERNANCE ANNUAL REMUNERATION REPORT continued

SUMMARY OF DIRECTORS' TERMS

	DATE OF CONTRACT	UNEXPIRED TERM	NOTICE PERIOD
Executive Directors			
Sir Michael Heller	1 January 1971	Continuous	6 months
John Heller	1 May 2003	Continuous	12 months
Robert Corry	1 September 1992	Continuous	6 months
Non-executive Directors			
H D Goldring	1 July 1992	Continuous	3 months
C A Parritt	1 January 2006	Continuous	3 months
R Priest	31 July 2013	Continuous	3 months

TOTAL PENSION ENTITLEMENTS

Two directors had benefits under money purchase schemes. Under their contracts of employment they were entitled to a regular employer contribution (currently £33,000 a year). There are no final salary schemes in operation. No pension costs are incurred on behalf of non-executive Directors.

SHARE INCENTIVE PLAN (SIP)

In 2006 the Directors set up an HMRC approved share incentive plan (SIP). The purpose of the plan, which is open to all eligible LAP executive Directors and head office based staff, is to enable them to acquire shares in the Company and give them a continuing stake in the Group. The SIP comprises four types of share - (1) free shares under which the Company may award shares of up to the value of £3,000 each year, (2) partnership shares, under which members may save up to £1,500 per annum to acquire shares, (3) matching shares, through which the Company may award up to two shares for each share acquired as a partnership share, and (4) dividend shares, acquired from dividends paid on shares within the SIP.

1. Free shares: 35,518 free shares were awarded in 2014 in respect of 2013 bonuses (see below as 2013). Additionally, 55,218 shares were awarded in January 2015 relating to 2014 bonuses and these are shown below as 2014.

FREE SHARES AWARDED:

	NUMBER OF MEMBERS		NUMBER OF SHARES		VALUE OF SHARES	
	2014	2013	2014	2013	2014 £	2013 £
Directors:						
R J Corry	-	1	-	5,150	-	3,000
J A Heller	1	-	7,947	-	3,000	-
Staff	6	6	47,271	30,368	17,845	17,690
Total at 31 December	7	7	55,218	35,518	20,845	20,690

2. Partnership shares: No partnership shares were issued between November 2013 and October 2014.

3. Matching shares: The partnership share agreements for the year to 31 October 2014 provide for two matching shares to be awarded free of charge for each partnership share acquired. No partnership shares were acquired in 2014 (2013: nil). Matching shares will usually be forfeited if a member leaves employment in the Group within 5 years of their grant.

4. Dividend shares: Dividends on shares acquired under the SIP will be utilised to acquire additional shares. Accumulated dividends received on shares in the SIP to 31 December 2014 amounted to nil (2013: nil).

DIVIDEND SHARES ISSUED:

	NUMBER OF MEMBERS		NUMBER OF SHARES		VALUE OF SHARES	
	2014	2013	2014	2013	2014 £	2013 £
Directors:						
R J Corry	1	-	293	-	116	-
J A Heller	1	-	253	-	100	-
Staff	9	-	1,372	-	542	-
Total at 31 December	11	-	1,918	-	758	-

The SIP is set up as an employee benefit trust - The trustee is London & Associated Securities Limited, a wholly owned subsidiary of LAP, and all shares and dividends acquired under the SIP will be held by the trustee until transferred to members in accordance with the rules of the SIP.

SHARE OPTION SCHEMES

The Company has an HMRC approved scheme (Approved Scheme). It was set up in 1986 in accordance with HMRC rules to gain HMRC approved status which gave the members certain tax advantages. There are no performance criteria for the exercise of options under the Approved Scheme, as this was set up before such requirements were considered to be necessary. No Director has any options outstanding under the Approved Scheme nor were any options granted under the Approved Scheme for the year ended 31 December 2014.

A share option scheme known as the "Non-approved Executive Share Option Scheme" (Unapproved Scheme) which does not have HMRC approval was set up during 2000. At 31 December 2014 there were no options to subscribe for ordinary shares outstanding. The exercise of options under the Unapproved Scheme is subject to the satisfaction of objective performance conditions specified by the remuneration

committee which conforms to institutional shareholder guidelines and best practice provisions. 20,000 options under the Unapproved Scheme, were issued during the year and following the resignation of the option holder, the share option lapsed during the year to 31 December 2014. Further details of this scheme are set out in Note 25 "Share Capital" to the financial statements.

PAYMENTS TO PAST DIRECTORS

No payments were made to past Directors in the year ended 31 December 2014.

PAYMENTS FOR LOSS OF OFFICE

No payments for loss of office were made in the year ended 31 December 2014.

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTEREST

Directors' interests

The interests of the Directors in the ordinary shares of the Company, including family and trustee holdings, where appropriate, were as follows:

	BENEFICIAL INTERESTS		NON-BENEFICIAL INTERESTS	
	31 Dec 14	1 Jan 14	31 Dec 14	1 Jan 14
Sir Michael Heller	6,421,089	6,335,252	19,277,931	19,277,931
R J Corry	1,040,637	1,028,448	-	-
H D Goldring	19,819	19,819	-	-
J A Heller	1,668,976	1,673,581	†14,073,485	†14,073,485
C A Parritt	36,168	36,168	-	-

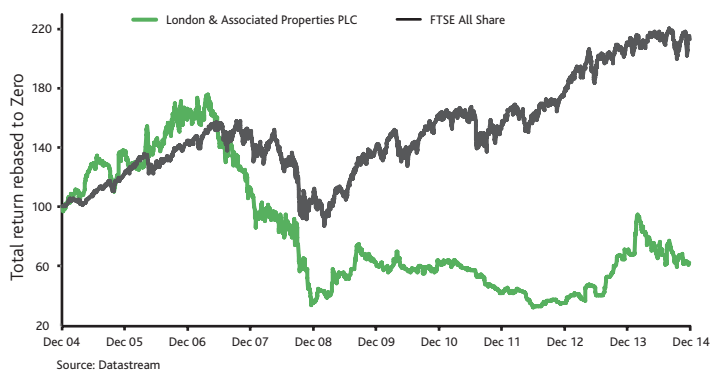
†These non-beneficial holdings are duplicated with those of Sir Michael Heller.

The beneficial holdings of Directors shown above include their interests in the Share Incentive Plan.

THE FOLLOWING INFORMATION IS UNAUDITED:

PERFORMANCE GRAPH AND TABLE

The graph illustrates the Company's performance as compared with a broad equity market index over a ten year period. Performance is measured by total shareholder return. The directors have chosen the FTSE All Share - Total Return Index as a suitable index for this comparison as it gives an indication of performance against a large spread of quoted companies. The bid market price of London & Associated Properties PLC ordinary shares at 31 December 2014 was 38.75p (2013: 22.0p). During the year the share mid-market price ranged between 37.50p and 60.00p.



GOVERNANCE ANNUAL REMUNERATION REPORT continued

REMUNERATION OF THE CHIEF EXECUTIVE OVER THE LAST TEN YEARS

YEAR	CEO	CHIEF EXECUTIVE SINGLE TOTAL FIGURE OF REMUNERATION £'000	ANNUAL BONUS PAYOUT AGAINST MAXIMUM OPPORTUNITY* %	LONG-TERM INCENTIVE VESTING RATES AGAINST MAXIMUM OPPORTUNITY* %
2014	J A Heller	835	n/a	n/a
2013	J A Heller	716	n/a	n/a
2012	J A Heller	417	n/a	n/a
2011	J A Heller	671	n/a	n/a
2010	J A Heller	577	n/a	n/a
2009	J A Heller	982	n/a	n/a
2008	J A Heller	688	n/a	n/a
2007	J A Heller	1,032	n/a	n/a
2006	J A Heller	981	n/a	n/a
2005	J A Heller	637	n/a	n/a

*There were no formal criteria or conditions to apply in determining the amount of bonus payable or the number of shares to be issued prior to 2014.

PERCENTAGE CHANGE IN CHIEF EXECUTIVE'S REMUNERATION (AUDITED)

The table below shows the percentage change in Chief Executive remuneration for the prior year compared to the average percentage change for all other Head Office based employees. To provide a meaningful comparison, the same group of employees (although not necessarily the same individuals) appear in the 2013 and 2014 group. The remuneration committee chose Head Office based employees as the comparator group as this group forms the closest comparator group.

	CHIEF EXECUTIVE £'000			HEAD OFFICE EMPLOYEES £'000		
	2014	2013	% CHANGE	2014	2013	% CHANGE
Base salary	333	327	2%	848	894	(5%)
Taxable benefits	24	30	(20%)	113	117	(3%)
Annual bonus	442	326	36%	235	209	12%
Total	799	683	17%	1,196	1,220	(2%)

RELATIVE IMPORTANCE OF SPEND ON PAY

The total expenditure of the Group on remuneration to all employees (Note 28 refers) is shown below:

	2014 £'000	2013 £'000
Employee Remuneration	7,786	8,851
Distributions to shareholders	106	-

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY

The policy was approved at the AGM in June 2014 and was effective from 10 June 2014. The vote on the remuneration policy is binding in nature. The Company may not then make a remuneration payment or payment for loss of office to a person who is, is to be, or has been a director of the Company unless that payment is consistent with the approved remuneration policy, or has otherwise been approved by a resolution of members. Unless changed it will be presented next for approval at the AGM in 2017.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The Remuneration Committee considered the executive Directors' remuneration and the board considered the non-executive Directors' remuneration in the year ended 31 December 2014. Increases were awarded and no external advice was taken in reaching this decision.

SHAREHOLDER VOTING

At the Annual General Meeting on 10 June 2014, there was an advisory vote on the resolution to approve the Remuneration Report the result of which is detailed below:

	% OF VOTES FOR	% OF VOTES AGAINST	NUMBER OF VOTES WITHHELD
Resolution to approve the Remuneration Report	99.11	0.69	62,723
Resolution to approve the Remuneration Policy	99.12	0.67	66,918

REMUNERATION POLICY

Set out below is an extract of the Group policy on Directors' remuneration. This policy was approved at the 2014 AGM and it is effective from 10 June 2014. Unless changed it will be presented next for approval at the AGM in 2017.

A copy of the full policy can be found at www.lap.co.uk.

In setting the policy, the Remuneration Committee has taken the following into account:

- The need to attract, retain and motivate individuals of a calibre who will ensure successful leadership and management of the Company

FUTURE POLICY TABLE

ELEMENT	PURPOSE	POLICY
EXECUTIVE DIRECTORS		
Base salary	To recognise: Skills Responsibility Accountability Experience Value	Considered by remuneration committee on appointment Set at a level considered appropriate to attract, retain, motivate and reward the right individuals
Pension	To provide competitive retirement benefits	Company contribution offered at up to 10% of base salary as part of overall remuneration package
Benefits	To provide a competitive benefits package	Contractual benefits include: Car or car allowance Group health cover Death in service cover Permanent health insurance
Annual Bonus	To reward and incentivise	In assessing the performance of the executive team, and in particular to determine whether bonuses are merited the remuneration committee takes into account the overall performance of the business, as well as individual contribution to the business in the period Bonuses are generally offered in cash or shares
Share Options	To provide executive Directors with a long-term interest in the Company	Granted under existing schemes (see page 35)
Share Incentive Plan (SIP)	To offer a shorter term incentive in the Company and to give Directors a stake in the Group	Offered to executive Directors and head office staff
NON-EXECUTIVE DIRECTORS		
Base salary	To recognise: Skills Experience Value	Considered by the board on appointment Set at a level considered appropriate to attract, retain and motivate the individual Experience and time required for the role are considered on appointment
Pension		No pension offered
Benefits		No benefits offered except to one non-executive Director who is eligible for health cover (see annual remuneration report page 33)
Share Options		Non-executive Directors do not participate in the share option schemes

Notes to the Future Policy Table

The remuneration committee considers the performance measures outlined in the table above to be appropriate measures of performance

GOVERNANCE REMUNERATION POLICY continued

- The Group's general aim of seeking to reward all employees fairly according to the nature of their role and their performance
 - Remuneration packages offered by similar companies within the same sector
 - The need to align the interests of shareholders as a whole with the long-term growth of the Group
 - The need to be flexible and adjust with operational changes throughout the term of this policy
- The remuneration of non-executive Directors is determined by the board, and takes into account additional remuneration for services outside the scope of the ordinary duties of non-executive Directors.

OPERATION

OPPORTUNITY AND PERFORMANCE CONDITIONS

Reviewed annually whenever there is a change of role or operational responsibility
Paid monthly in cash

There is no prescribed maximum salary or maximum rate of increase
No specific performance conditions are attached to base salaries

The contribution payable by the Company is included in the Director's contract of employment
Paid into money purchase schemes

Company contribution offered at up to 10% of base salary as part of overall remuneration package
No specific performance conditions are attached to pension contributions

The committee retains the discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the Group lead to increased costs (e.g. medical inflation)

The costs associated with benefits offered are closely controlled and reviewed on an annual basis
No specific performance conditions are attached to contractual benefits
The value of benefits for each Director for the year ended 31 December 2014 is shown in the table on page 33

The remuneration committee determines the level of bonus on an annual basis applying such performance conditions and performance measures as it considers appropriate

The current maximum bonus will not exceed 200% of base salary in any one year but the remuneration committee reserves the power to award up to 300% in an exceptional year
Performance conditions will be assessed on an annual basis
The performance measures applied may be financial, non-financial, corporate, divisional or individual and in such proportion as the remuneration committee considers appropriate

Offered at appropriate times by the remuneration committee

Entitlement to share options granted under the Approved Option scheme are not subject to performance criteria. Share Options granted under the Unapproved Scheme are subject to the performance criteria specified in the Scheme rules
Share options will be offered by the remuneration committee as appropriate
There are no maximum levels for share options offered

Maximum participation levels are set by HMRC

Of any bonus awarded, Directors may opt to have maximum of £3,000 of per year paid in 'Free Shares' under the SIP scheme rules
Full detail of the SIP can be found on page 34

Reviewed annually

There is no prescribed maximum salary or maximum rate of increase
No performance conditions are attached to base salaries

The committee retains the discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the Group lead to increased costs (e.g. medical inflation)

The costs associated with benefits offered are closely controlled and reviewed on an annual basis
No specific performance conditions are attached to contractual benefits

AUDIT COMMITTEE REPORT

The committee's terms of reference have been approved by the board and follow published guidelines, which are available on request from the company secretary.

At the year end the audit committee comprised two of the non-executive directors - H D Goldring and C A Parritt, both of whom are Chartered Accountants.

The audit committee's primary tasks are to:

- review the scope of external audit, to receive regular reports from Baker Tilly UK Audit LLP and to review the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgement and estimation;
- monitor the controls which are in force to ensure the integrity of the information reported to the shareholders;
- act as a forum for discussion of internal control issues and contribute to the board's review of the effectiveness of the Group's internal control and risk management systems and processes;
- to review the risk assessments made by management, consider key risks with action taken to mitigate these and to act as a forum for discussion of risk issues and contribute to the board's review of the effectiveness of the Group's risk management control and processes;
- consider once a year the need for an internal audit function;
- advise the board on the appointment of the external auditors, the rotation of the audit partner every five years and on their remuneration for both audit and non-audit work; discuss the nature and scope of their audit work and undertake a formal assessment of their independence each year, which includes:
 - i) a review of non-audit services provided to the Group and related fees;
 - ii) discussion with the auditors of their written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;
 - iii) a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
 - iv) obtaining a written confirmation from the auditors that, in their professional judgement, they are independent.

MEETINGS

The committee meets at least twice prior to the publication of the annual results and discusses and considers the half year results prior to their approval by the board. The audit committee meetings are attended by the external audit partner, chief executive, finance director and company secretary. During the year the members of the committee also meet on an informal basis to discuss any relevant matters which may have arisen. Additional formal meetings may be held as necessary.

During the past year the committee:

- met with the external auditors, and discussed their reports to the audit committee;
- approved the publication of annual and half year financial results;
- considered and approved the annual review of internal controls;
- decided that there was no current need for an internal audit function;
- agreed the independence of the auditors and approved their fees for both audit and non-audit services as set out in note 2 to the financial statements; and
- the chairman of the audit committee has also had separate meetings and discussions with the external audit partner.

EXTERNAL AUDITOR

Baker Tilly UK Audit LLP held office throughout the period under review. In the United Kingdom London & Associated Properties PLC provides extensive administration and accounting services to Bisichi Mining PLC, which has its own audit committee and employs BDO LLP, a separate and independent firm of registered auditor.

C A Parritt

Chairman - Audit Committee

21 May 2015

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Strategic Report and the Directors' Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and company financial statements for each financial year. The Directors are required under the Listing Rules of the Financial Conduct Authority to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. for the Group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU and for the company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the company financial statements; and
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. 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.

DIRECTORS' STATEMENT PURSUANT TO THE DISCLOSURE AND TRANSPARENCY RULES

Each of the directors, whose names and functions are listed on page 26 confirm that, to the best of each person's knowledge:

- a. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- b. the Strategic Report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the London & Associated Properties PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT

to the members of London & Associated Properties PLC

We have audited the Group and parent Company financial statements ("the financial statements") on pages 44 to 88. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the Directors' Responsibilities Statement set out on page 41 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

OPINION ON FINANCIAL STATEMENTS

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 December 2014 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where 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 and the part of the Directors' Remuneration Report to be audited 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.

Euan Banks (Senior Statutory Auditor)

For and on behalf of

BAKER TILLY UK AUDIT LLP,

Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

21 May 2015



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FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2014

	NOTES	2014 £'000	2013 RESTATED £'000
Group revenue	1	33,526	43,291
Operating costs		(31,237)	(40,101)
Income from listed investments held for trading	3	3	(4)
Operating profit		2,292	3,186
Finance income	5	115	247
Finance expenses	5	(4,875)	(5,958)
Interest rate derivative break cost	22	(1,117)	–
Result before valuation movements		(3,585)	(2,525)
Non-cash changes in valuation of assets and liabilities			
Increase/(decrease) in value of investment properties		853	(241)
(Decrease)/increase in trading investments		(86)	38
Increase/(decrease) in value of other investments		1	(1)
Adjustment to interest rate derivative	22	(1,086)	4,419
Share of profit/(loss) of joint ventures, net of tax	12	1,124	(90)
Result including revaluation and other movements		(2,779)	1,600
Attributable to discontinued operations	7	86	(461)
(Loss)/profit for the year before taxation	2	(2,693)	1,139
Income tax (charge)/credit	6	(3,702)	2,547
(Loss)/profit for the year		(6,395)	3,686
Attributable to:			
Equity holders of the Company		(7,140)	3,473
Non-controlling interest	26	745	213
(Loss)/profit for the year		(6,395)	3,686
Earnings per share			
(Loss)/profit per share – basic and diluted – continuing operations	9	(8.55)p	2.74p
Profit per share – basic and diluted – discontinued operations	9	0.10p	1.38p
Total	9	(8.45)p	4.12p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2014

	2014 £'000	2013 RESTATED £'000
(Loss)/profit for the year	(6,395)	3,686
Other comprehensive income:		
Items that may be subsequently recycled to the income statement:		
Exchange differences on translation of foreign operations	(121)	(858)
Transfer of gain on available for sale investments	56	–
Taxation	(15)	–
Other comprehensive income for the year net of tax	(80)	(858)
Total comprehensive income for the year net of tax	(6,475)	2,828
Attributable to:		
Equity shareholders	(7,168)	3,153
Non-controlling interest	693	(325)
	(6,475)	2,828

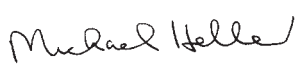
FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

at 31 December 2014

	NOTES	2014 £'000	2013 RESTATED £'000	2012 RESTATED £'000
Non-current assets				
Market value of properties attributable to Group	10	103,655	102,118	219,834
Present value of head leases	30	4,788	4,793	28,859
Property		108,443	106,911	248,693
Mining reserves, plant and equipment	11	6,257	7,318	8,921
Investments in joint ventures	12	3,434	2,310	1,153
Loan to joint venture	13	1,040	984	1,117
Held to maturity investments	16	2,196	2,200	1,913
Other investments		152	151	131
Deferred tax	23	2,324	5,651	3,324
		123,846	125,525	265,252
Current assets				
Inventories	15	1,760	1,756	1,876
Assets held for sale	7	–	126,590	–
Trade and other receivables	17	6,774	9,741	10,185
Corporation tax recoverable		35	36	49
Available for sale investments	18	796	822	787
Investments held for trading	18	122	133	145
Cash and cash equivalents		9,237	8,818	10,156
		18,724	147,896	23,198
Total assets		142,570	273,421	288,450
Current liabilities				
Liabilities associated with assets held for sale	7	–	(111,523)	–
Trade and other payables	19	(11,323)	(13,775)	(17,333)
Borrowings	20	(3,590)	(53,960)	(58,852)
Current tax liabilities		(24)	(14)	(22)
		(14,937)	(179,272)	(76,207)
Non-current liabilities				
Borrowings	20	(65,476)	(17,074)	(88,910)
Interest rate derivatives	22	(656)	(9,569)	(33,935)
Present value of head leases on properties	30	(4,788)	(4,793)	(28,859)
Provisions	21	(930)	(874)	(989)
Deferred tax liabilities	24	(2,410)	(2,104)	(2,605)
		(74,260)	(34,414)	(155,298)
Total liabilities		(89,197)	(213,686)	(231,505)
Net assets		53,373	59,735	56,945
Equity attributable to the owners of the parent				
Share capital	25	8,554	8,554	8,554
Share premium account		4,866	4,866	4,866
Translation reserve in associate		(696)	(658)	(338)
Capital redemption reserve		47	47	47
Retained earnings (excluding treasury shares)		30,659	38,084	34,749
Treasury shares	25	(883)	(1,159)	(1,421)
Retained earnings		29,776	36,925	33,328
Total equity attributable to equity shareholders		42,547	49,734	46,457
Non – controlling interest	26	10,826	10,001	10,488
Total equity		53,373	59,735	56,945
Net assets per share	9	50.35p	59.00p	
Diluted net assets per share	9	50.35p	59.00p	

These financial statements were approved by the board of directors and authorised for issue on 21 May 2015 and signed on its behalf by:



Sir Michael Heller
Director



Anil Thapar
Director

Company Registration No. 341829

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2014

	SHARE CAPITAL £'000	SHARE PREMIUM £'000	TRANSLATION RESERVES £'000	CAPITAL REDEMPTION RESERVE £'000	TREASURY SHARES £'000	RETAINED EARNINGS EXCLUDING TREASURY SHARES £'000	TOTAL EXCLUDING NON- CONTROLLING INTERESTS £'000	NON- CONTROLLING INTERESTS £'000	TOTAL EQUITY £'000
Balance at 1 January 2013 as previously reported	8,554	4,866	(338)	47	(1,421)	34,749	46,457	–	46,457
IFRS 10 adjustments	–	–	–	–	–	–	–	10,488	10,488
Restated balance at 1 January 2013	8,554	4,866	(338)	47	(1,421)	34,749	46,457	10,488	56,945
Profit for year	–	–	–	–	–	3,473	3,473	213	3,686
Other comprehensive income:									
Currency translation in associate	–	–	(320)	–	–	–	(320)	(538)	(858)
Total other comprehensive income	–	–	(320)	–	–	–	(320)	(538)	(858)
Total comprehensive income	–	–	(320)	–	–	3,473	3,153	(325)	2,828
Transactions with owners:									
Equity share options	–	–	–	–	–	62	62	–	62
Shares issued to non-controlling interests	–	–	–	–	–	–	–	86	86
Dividends – non-controlling interests	–	–	–	–	–	–	–	(248)	(248)
Disposal of own shares	–	–	–	–	62	–	62	–	62
Loss on transfer of own shares	–	–	–	–	200	(200)	–	–	–
Transactions with owners	–	–	–	–	262	(138)	124	(162)	(38)
Balance at 31 December 2013	8,554	4,866	(658)	47	(1,159)	38,084	49,734	10,001	59,735
(Loss)/profit for year	–	–	–	–	–	(7,140)	(7,140)	745	(6,395)
Other comprehensive income:									
Currency translation	–	–	(45)	–	–	–	(45)	(76)	(121)
Gain on available for sale investments (net of tax)	–	–	–	–	–	17	17	24	41
Total other comprehensive income	–	–	(45)	–	–	17	(28)	(52)	(80)
Total comprehensive income	–	–	(45)	–	–	(7,123)	(7,168)	693	(6,475)
Transaction with owners:									
Equity share options	–	–	–	–	–	27	27	–	27
Shares issued to non-controlling interests	–	–	–	–	–	–	–	313	313
Dividends – equity holders	–	–	–	–	–	(106)	(106)	–	(106)
Dividends – non-controlling interests	–	–	–	–	–	–	–	(292)	(292)
Change in equity held by LAP	–	–	7	–	–	(88)	(81)	111	30
Acquisition of own shares	–	–	–	–	(88)	–	(88)	–	(88)
Disposal of own shares	–	–	–	–	229	–	229	–	229
Loss on transfer of own shares	–	–	–	–	135	(135)	–	–	–
Transactions with owners	–	–	7	–	276	(302)	(19)	132	113
Balance at 31 December 2014	8,554	4,866	(696)	47	(883)	30,659	42,547	10,826	53,373

FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2014

	2014 £'000	2013 RESTATED £'000
Operating activities		
Operating profit – continuing operations	2,292	3,186
– discontinued operations	250	6,557
Depreciation and amortisation	2,732	2,875
Profit on disposal of non-current assets	(43)	(21)
Share based payment expense	65	120
(Increase)/decrease in inventories	(4)	120
Decrease/(increase) in receivables	2,922	(1,527)
(Decrease)/increase in payables	(5,253)	934
Change in provisions	–	15
Cash generated from operations	2,961	12,259
Interest received	97	188
Interest paid	(403)	(252)
Income tax (received)/paid	(26)	11
Cash inflows from operating activities	2,629	12,206
Investing activities		
Investment in shares and loan stock in joint ventures	–	409
Disposal of/(Investment in) shares and loans held to maturity	300	(2,200)
Acquisition of investment properties, mining reserves, plant and equipment	(2,601)	(3,127)
Sale of plant and equipment – continuing operations	58	57
Sale of investment properties – discontinued operations	102,663	9,310
Acquisition of investments	–	(102)
Interest received – continuing operations	24	41
Interest received – discontinued operations	7	–
Cash inflows from investing activities	100,451	4,388
Financing activities		
Purchase of treasury shares	(88)	–
Sale of treasury shares	229	62
Interest paid – continuing operations	(4,387)	(3,314)
– discontinued operations	(623)	(5,990)
Interest on obligation under finance leases – continuing operations	(292)	(269)
– discontinued operations	(544)	(1,786)
Debenture stock break costs paid – discontinued operations	–	(545)
Interest derivatives paid – continuing operations	(430)	–
Interest derivatives break costs paid – continuing operations	(10,686)	–
Interest derivatives break costs paid – discontinued operations	(14,599)	–
Payment of bank loan – Bisichi Mining PLC	5,902	39
Repayment of bank loan – Bisichi Mining PLC	(5,000)	(96)
Payment of bank loan – continuing operations	45,002	–
Repayment of bank loan – continuing operations	(44,452)	–
Repayment of bank loan – discontinued operations	(70,000)	–
Short term loan from joint ventures and related parties	–	700
Repayment of debenture stocks – discontinued operations	–	(6,700)
Repayment of medium term bank loan	–	(247)
Equity dividends paid	(106)	–
Equity dividends paid – non-controlling interests	(250)	(248)
Net proceeds from issue of ordinary shares – non-controlling interests	13	27
Cash outflows from financing activities	(100,311)	(18,367)
Net increase/(decrease) in cash and cash equivalents	2,769	(1,773)
Cash and cash equivalents at beginning of year	4,299	5,797
Exchange adjustment	50	275
Cash and cash equivalents at end of year	7,118	4,299

The cash flows above relate to continuing and discontinued operations. See Note 7 for information on discontinued operations.

FINANCIAL STATEMENTS CONSOLIDATED CASH FLOW STATEMENT continued

CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balance sheet amounts:

	2014 £'000	2013 RESTATED £'000
Cash and cash equivalents (before bank overdrafts)	9,237	8,818
Bank overdrafts	(2,119)	(4,519)
Cash and cash equivalents at end of year	7,118	4,299

£0.5 million of cash deposits at 31 December 2013 was charged as security to a debenture stock and released in 2014.

GROUP ACCOUNTING POLICIES

The following are the principal Group accounting policies:

BASIS OF ACCOUNTING

The Group financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company has elected to prepare the parent company's financial statements in accordance with UK GAAP, as applied in accordance with the provisions of the Companies Act 2006 and these are presented in Note 32. The financial statements are prepared under the historical cost convention, except for the revaluation of freehold and leasehold properties and financial assets held for trading as well as fair value of interest derivatives. The Group financial statements are presented in Pounds Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise stated.

London & Associated Properties PLC, the parent company is a listed public company, incorporated and domiciled in England and quoted on the London Stock Exchange. The Company registration number is 341829.

GOING CONCERN

The directors have reviewed the cash flow forecasts of the Group and the underlying assumptions on which they are based. The Group's business activities, together with the factors likely to affect its future development, are set out in the Chairman and Chief Executive's Statement and Financial Review. In addition Note 22 to the financial statements sets out the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; its exposure to credit risk and liquidity risk.

The directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and that the Group is well placed to manage its business risks. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

KEY JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make assumptions and estimates that may affect the reported amounts of assets and liabilities and the reported income and expenses, further details of which are set out below. Although management believes that the assumptions and estimates used are reasonable, the actual results may differ from those estimates. Further details of the estimates are contained in the Directors' Report.

The directors consider their judgements and estimates surrounding the life of the mine and its reserves to have the most significant effect on the amounts recognised in the financial statements and to be the area where the financial statements are at most risk of a material adjustment due to estimation uncertainty. Areas where key estimates and judgements are considered to have a significant effect on the amounts recognised in the financial statements include:

Depreciation, amortisation of mineral rights, mining development costs and plant and equipment.

The annual depreciation/amortisation charge to operations, can fluctuate from initial estimates. This could generally result when there are significant changes in any of the factors or assumptions used in estimating mineral reserves and resources which in turn affects the life of mine or the expected life of reserves. Estimates of proven and probable reserves and resources are prepared by suitable qualified experts. Assessments of depreciation/amortisation rates against the estimated reserve and resource base are performed regularly.

Provision for mining rehabilitation including restoration and de-commissioning costs

A provision for future rehabilitation including restoration and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the timing, extent and costs of the rehabilitation activities and of the risk adjusted discount rates used to determine the present value of the future cash outflows. The provisions including the estimates and assumptions contained therein are reviewed regularly by management.

Mining impairment

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. Future cash flow estimates are discounted using asset specific discount rates and are based on expectations about future operations, primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating, rehabilitation and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

Fair value measurements of investment properties, investments and interest rate hedges

An assessment of the fair value of assets and liabilities, in particular investment properties, is required to be performed. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty. The directors note that the fair value measurement of the investment properties, may be considered to be less judgemental where external valuers have been used and as a result of the nature of the underlying assets.

All interest rate hedges are held at fair value as valued by the hedge provider.

Further detail is provided in notes 20 and 22.

BISICHI MINING PLC

The directors are required to consider the implications of IFRS 10 on the LAP investment in Bisichi Mining PLC ("Bisichi"). Related parties also have shareholdings in Bisichi when combined with the 42% held by LAP and taking account of the wide disposition of other shareholders, there is potential for LAP and these related parties to exercise voting control over Bisichi. IFRS 10 makes it clear that possible voting control is of more significance than actual management control. For this reason the directors have decided that it is a requirement to consolidate Bisichi with LAP. While, in theory, they could achieve control, in practice they do not get involved in the day to day operations of Bisichi. They have, therefore, presented consolidated accounts using the published accounts of Bisichi and it is important to note that any figures, risks and assumptions attributable to that company are the responsibility of the Bisichi Board of directors who are independent from LAP.

INTERNATIONAL ACCOUNTING STANDARDS (IAS/IFRS)

The financial statements are prepared in accordance with International Financial Reporting Standards and Interpretations in force at the reporting date. These are prepared under the historic cost basis as modified by the revaluation of investment properties and held for trading investments. The application of the following International Financial Reporting Standards effective January 1, 2014, resulted in changes to London & Associated Properties PLC accounting methods and presentation in 2014:

IFRS 10 – Consolidated Financial Statements

IFRS 10 contains a new, comprehensive definition of control. The new standard replaces the provisions of IAS 27 – Separate Financial Statements (previously “Consolidated and Separate Financial Statements”), which regulates the preparation of consolidated financial statement, as well as SIC 12 Consolidation – Special Purpose Entities.

According to both IAS 27 and IFRS 10, a Group consists of a parent entity and the subsidiaries controlled by the parent. IFRS 10 provides a new definition of control compared with IAS 27. This is applied in determining the companies to be consolidated. “Control” assumes the simultaneous fulfilment of the following three criteria:

- The parent company holds decision-making power over the relevant activities of the investee,
- The parent company has rights to variable returns from the investee, and
- The parent company can use its decision-making power to affect the variable returns.

The introduction of this standard has required a change in accounting policy as follows:

Under IFRS 10, as explained above, it is necessary to consolidate Bisichi from the earliest date at which it is believed by the Board that, under current rules, Bisichi would have been deemed to be controlled by LAP. Having determined the date at which “control” under current IFRS rules occurred, it is necessary to calculate the amount of any goodwill or premium arising on consolidation at that date. Any goodwill or surplus arising at the date of deemed control would have been amortised over 10 years. Based on the distribution of all shareholdings in Bisichi the directors have concluded that, with effect from late 1976, Bisichi was under the voting control of LAP and related parties. Our review of fair values at that date suggests that no material goodwill or reserve would have been created. However, even if it had been created any such goodwill or reserve would have been written off completely some years ago. In these circumstances no adjustments are required to the book values of Bisichi assets and liabilities.

As a result of treating Bisichi as a “subsidiary” Dragon Retail Properties Limited (“Dragon”) also becomes a subsidiary for accounting purposes as each of LAP and Bisichi own 50% of that joint venture business.

FINANCIAL STATEMENTS GROUP ACCOUNTING POLICIES continued

The quantitative impact of the changes is set out below:

Summary of quantitative impacts

The Group has taken advantage of the transitional provisions of Consolidated Financial Statements, Joint Arrangements and Disclosure of interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) and the tables below show the restated consolidated balance sheets at 1 January 2013 and 31 December 2013.

CONSOLIDATED BALANCE SHEET AT 1 JANUARY 2013

	AS PREVIOUSLY REPORTED £'000	IMPACT OF IFRS 10 £'000	AS RESTATED £'000
Non-current assets			
Market value of properties attributable to Group	205,412	14,422	219,834
Present value of head leases	28,657	202	28,859
Property	234,069	14,624	248,693
Mining reserves, plant and equipment	260	8,661	8,921
Investments in joint ventures	1,337	(184)	1,153
Investments in associated company	7,271	(7,271)	–
Loan to joint venture	–	1,117	1,117
Held to maturity investments	1,913	–	1,913
Other investments	–	131	131
Deferred tax	3,324	–	3,324
	248,174	17,078	265,252
Current assets			
Inventories	–	1,876	1,876
Trade and other receivables	4,656	5,529	10,185
Corporation tax recoverable	–	49	49
Available for sale investments	–	787	787
Investments held for trading	20	125	145
Cash and cash equivalents	8,303	1,853	10,156
	12,979	10,219	23,198
Total assets	261,153	27,297	288,450
Current liabilities			
Trade and other payables	(12,514)	(4,819)	(17,333)
Borrowings	(52,666)	(6,186)	(58,852)
Current tax liabilities	–	(22)	(22)
	(65,180)	(11,027)	(76,207)
Non-current liabilities			
Borrowings	(86,924)	(1,986)	(88,910)
Interest rate derivatives	(33,935)	–	(33,935)
Present value of head leases on properties	(28,657)	(202)	(28,859)
Provisions	–	(989)	(989)
Deferred tax liabilities	–	(2,605)	(2,605)
	(149,516)	(5,782)	(155,298)
Total liabilities	(214,696)	(16,809)	(231,505)
Net assets	46,457	10,488	56,945
Equity attributable to the owners of the parent			
Share capital	8,554	–	8,554
Share premium account	4,866	–	4,866
Translation reserve in associate	(338)	–	(338)
Capital redemption reserve	47	–	47
Retained earnings (excluding treasury shares)	34,749	–	34,749
Treasury shares	(1,421)	–	(1,421)
Retained earnings	33,328	–	33,328
Total equity attributable to equity shareholders	46,457	–	46,457
Non – controlling interest	–	10,488	10,488
Total equity	46,457	10,488	56,945

FINANCIAL STATEMENTS GROUP ACCOUNTING POLICIES continued

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2013

	AS PREVIOUSLY REPORTED £'000	IMPACT OF IFRS 10 £'000	AS RESTATED £'000
Non-current assets			
Market value of properties attributable to Group	87,449	14,669	102,118
Present value of head leases	4,597	196	4,793
Property	92,046	14,865	106,911
Mining reserves, plant and equipment	203	7,115	7,318
Investments in joint ventures	2,607	(297)	2,310
Loan to joint venture	–	984	984
Investments in associated company	6,986	(6,986)	–
Held to maturity investments	2,200	–	2,200
Other investments	–	151	151
Deferred tax	5,651	–	5,651
	109,693	15,832	125,525
Current assets			
Inventories	–	1,756	1,756
Assets held for sale	126,590	–	126,590
Trade and other receivables	3,356	6,385	9,741
Corporation tax recoverable	–	36	36
Available for sale investments	–	822	822
Financial assets – investments held for trading	23	110	133
Cash and cash equivalents	6,990	1,828	8,818
	136,959	10,937	147,896
Total assets	246,652	26,769	273,421
Current liabilities			
Liabilities associated with assets held for sale	(111,523)	–	(111,523)
Trade and other payables	(10,255)	(3,520)	(13,775)
Borrowings	(45,918)	(8,042)	(53,960)
Current tax liabilities	–	(14)	(14)
	(167,696)	(11,576)	(179,272)
Non-current liabilities			
Borrowings	(15,056)	(2,018)	(17,074)
Interest rate derivatives	(9,569)	–	(9,569)
Present value of head leases on properties	(4,597)	(196)	(4,793)
Provisions	–	(874)	(874)
Deferred tax liabilities	–	(2,104)	(2,104)
	(29,222)	(5,192)	(34,414)
Total liabilities	(196,918)	(16,768)	(213,686)
Net assets	49,734	10,001	59,735
Equity attributable to the owners of the parent			
Share capital	8,554	–	8,554
Share premium account	4,866	–	4,866
Translation reserve in associate	(658)	–	(658)
Capital redemption reserve	47	–	47
Retained earnings (excluding treasury shares)	38,084	–	38,084
Treasury shares	(1,159)	–	(1,159)
Retained earnings	36,925	–	36,925
Total equity attributable to equity shareholders	49,734	–	49,734
Non – controlling interest	–	10,001	10,001
Total equity	49,734	10,001	59,735

FINANCIAL STATEMENTS GROUP ACCOUNTING POLICIES continued

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	AS PREVIOUSLY REPORTED	IMPACT OF IFRS 10	AS RESTATED
Group revenue	8,229	35,062	43,291
Operating costs	(5,250)	(34,851)	(40,101)
Income from listed investments held for trading	2	(6)	(4)
Operating profit	2,981	205	3,186
Finance income	59	188	247
Finance expenses	(5,616)	(342)	(5,958)
Result before valuation movements and exchange movements	(2,576)	51	(2,525)
Non-cash changes in valuation of assets and liabilities			
Decrease in value of investment properties	(488)	247	(241)
Gains on held for trading investments	3	35	38
Decrease in value of other investments	–	(1)	(1)
Adjustment to interest rate derivative	4,419	–	4,419
Share of profit of associate, after tax	151	(151)	–
Share of profit of joint ventures, net of tax	99	(189)	(90)
Result including revaluation and other movement	1,608	(8)	1,600
Attributable to discontinued operations	(461)	–	(461)
Profit for the year before taxation	1,147	(8)	1,139
Income tax	2,326	221	2,547
Profit for the year	3,473	213	3,686
Attributable to:			
Equity holders of the Company	3,473	–	3,473
Non-controlling interest	–	213	213
Profit for the year	3,473	213	3,686

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

	AS PREVIOUSLY REPORTED	IMPACT OF IFRS 10 £'000	AS RESTATED £'000
Profit for the year	3,473	213	3,686
Other comprehensive income:			
Items that may be subsequently recycled to the income statement:			
Exchange differences on translation of foreign operations	(320)	(538)	(858)
Total comprehensive income for the year net of tax	(320)	(538)	(858)
Attributable to:			
Equity shareholders	3,153	–	3,153
Non-controlling interest	–	(325)	(325)
	3,153	(325)	2,828

FINANCIAL STATEMENTS GROUP ACCOUNTING POLICIES continued

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

	AS PREVIOUSLY REPORTED	IMPACT OF IFRS 10 £'000	AS RESTATED £'000
Cash flow related to operating activities:	10,834	1,372	12,206
Cash flow related to investment activities	7,727	(3,339)	4,388
Cash flow related to financing activities	(18,089)	(278)	(18,367)
Exchange adjustment	–	275	275
Change in cash and cash equivalents	472	(1,970)	(1,498)
Cash and cash equivalents at beginning of year	5,028	769	5,797
Cash and cash equivalents at end of year	5,500	(1,201)	4,299

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 stipulates the disclosures required with regard to the new IFRS 10 – Consolidated Financial Statements. This standard replaces the disclosures previously required by IAS 27 – Separate Financial Statements and IAS 28 – Investments in Associates. The application of IFRS 12 is intended to enable assessment of the nature of, and risks associated with, interests in subsidiaries, joint arrangements, associated companies and unconsolidated structured entities.

The following standards and interpretations have been applied for the first time in these financial statements:

- Amendments to IAS 32 – Financial instruments: presentation – offsetting financial assets and financial liabilities
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge
- Amendments to IFRS 12 and IAS 27 – Investment entities
- IFRIC 21 – Levies
- IFRS 11 Joint Arrangements
- Amendment of IAS 36 - Impairment of assets

The accounting treatment detailed in the above standards has not resulted in a change of the Group's accounting policy and had no impact on the Group's financial position or performance.

All other standards and interpretations that were mandatory for the accounting period and were required to be adopted by the Group either had no material impact on the Group's financial statements or were not relevant to the operations of the Group.

The Group has not adopted any standards or interpretations in advance of the required implementation dates. The following new or revised standards that are applicable to the Group were issued but not yet effective:

- IFRS 9 – Financial instruments
- IFRS 15 – Revenue from Contracts with Customers
- Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation

It is not expected that adoption of any standards or interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements.

BASIS OF CONSOLIDATION

The Group accounts incorporate the accounts of London & Associated Properties PLC and all of its subsidiary undertakings, together with the Group's share of the results and net assets of its joint ventures.

Non-controlling interests in subsidiaries are presented separately from the equity attributable to equity owners of the parent company. When changes in ownership in a subsidiary do not result in a loss of control, the non-controlling shareholders' interests are initially measured at the non-controlling interests' proportionate share of the subsidiaries net assets. Subsequent to this, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

SUBSIDIARIES

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes.

All intra Group transactions, balances, income and expenses are eliminated on consolidation. Details of Group's trading subsidiary companies are set out in Note 14.

JOINT VENTURES

Investments in joint ventures, being those entities over whose activities the Group has joint control, as established by contractual agreement, include the appropriate share of the results and net assets of those undertakings.

GOODWILL

Goodwill arising on acquisition is recognised as an intangible asset and initially measured at cost, being the excess of the cost of the acquired entity over the Group's interest in the fair value of the assets and liabilities acquired. Goodwill is carried at cost less accumulated impairment losses. Goodwill arising from the difference in the calculation of deferred tax for accounting purposes and fair value in negotiations is judged not to be an asset and is accordingly impaired on completion of the relevant acquisition.

REVENUE

Revenue comprises sales of coal, property rental income and property management fees.

Revenue in Bisichi is recognised when delivery of the product or service has been made and when the customer has a legally binding obligation to settle under the terms of the contract and has assumed all significant risks and rewards of ownership.

Bisichi only recognises revenue on individual sales of coal when all of the significant risks and rewards of ownership have been transferred to a third party. In most instances revenue is recognised when the product is delivered to the location specified by the customer, which is typically when loaded into transport, where the customer pays the transportation costs.

Rental income

Rental income arises from operating leases granted to tenants. An operating lease is a lease other than a finance lease. A finance lease is one whereby substantially all the risks and rewards of ownership are passed to the lessee. Rental income is recognised in the Group income statement on a straight-line basis over the term of the lease. This includes the effect of lease incentives to tenants, which are normally in the form of rent free periods. Contingent rents, being the difference between the rent currently receivable and the minimum lease payments, are recognised in property income in the periods in which they are receivable. Rent reviews are recognised when such reviews have been agreed with tenants.

Reverse surrender premiums

Payments received from tenants to surrender their lease obligations are recognised immediately in the income statement.

Dilapidations

Dilapidations monies received from tenants in respect of their lease obligations are recognised immediately in the income statement.

Other revenue

Revenue in respect of listed investments held for trading represents investment dividends received and profit or loss recognised on realisation. Dividends are recognised in the income statement when the dividend is received.

MINING AND PROPERTY OPERATING EXPENSES

Operating expenses are expensed as incurred and any property operating expenditure not recovered from tenants through service charges is charged to the income statement.

EMPLOYEE BENEFITS

Share based remuneration

The Company operates a long-term incentive plan and two share option schemes. The fair value of the conditional awards on shares granted under the long-term incentive plan and the options granted under the share option scheme is determined at the date of grant. This fair value is then expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest. At each reporting date, the fair value of the non-market based performance criteria of the long-term incentive plan is recalculated and the expense is revised. In respect of the share option scheme, the fair value of options granted is calculated using a binomial method.

Pensions

The Company operates a defined contribution pension scheme. The contributions payable to the scheme are expensed in the period to which they relate.

Foreign currencies

Monetary assets and liabilities are translated at year end exchange rates and the resulting exchange rate differences are included in the consolidated income statement within the results of operating activities if arising from trading activities and within finance cost/income if arising from financing.

For consolidation purposes, income and expense items are included in the consolidated income statement at average rates, and assets and liabilities are translated at year end exchange rates. Translation differences arising on consolidation are recognised in other comprehensive income. Where foreign operations are disposed of, the cumulative exchange differences of that foreign operation are recognised in the consolidated income statement when the gain or loss on disposal is recognised.

Transactions in foreign currencies are translated at the exchange rate ruling on transaction date.

FINANCIAL INSTRUMENTS

Investments

Held to maturity investments are stated at amortised cost using the effective interest rate method.

Investments held for trading are included in current assets at fair value. For listed investments, fair value is the bid market listed value at the balance sheet date. Realised and unrealised gains or losses arising from changes in fair value are included in the income statement of the period in which they arise.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. A provision for impairment of trade receivables is made when there is evidence that the Group will not be able to collect all amounts due.

Trade and other payables

Trade and other payables are non-interest bearing and are stated at their nominal value.

Bank loans and overdrafts

Bank loans and overdrafts are included as financial liabilities on the Group balance sheet net of the unamortised discount and costs of issue. The cost of issue is recognised in the Group income Statement over the life of the bank loan. Interest payable on those facilities is expensed as a finance cost in the period to which it relates.

Debenture loans

The debenture loans are included as a financial liability on the balance sheet net of the unamortised costs on issue. The cost of issue is recognised in the Group income statement over the life of the debenture. Interest payable to debenture holders is expensed in the period to which it relates.

Finance lease liabilities

Finance lease liabilities arise for those investment properties held under a leasehold interest and accounted for as investment property. The liability is calculated as the present value of the minimum lease payments, reducing in subsequent reporting periods by the apportionment of payments to the lessor. Lease payments are allocated between the liability and finance charges so as to achieve a constant financing rate. Contingent rents payable, such as rent reviews or those related to rental income, are charged as an expense in the period in which they are incurred.

Interest rate derivatives

The Group uses derivative financial instruments to hedge the interest rate risk associated with the financing of the group's business. No trading in such financial instruments is undertaken. At each reporting date, these interest rate derivatives are recognised at their fair value to the business, being the Net Present Value of the difference between the hedged rate of interest and the market rate of interest for the remaining period of the hedge.

Where a derivative is designated as a hedge of the variability of a highly probable forecast transaction i.e. an interest payment, the element of the gain or loss on the derivative that is an effective hedge is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement i.e. when interest income or expense is recognised.

The gain or loss arising from any adjustment to the fair value to the business calculation is recognised immediately in the group income statement when the criteria set out in IAS 32 allowing the movements to be shown in equity have not been met.

Ordinary Shares

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury Shares

When the Group's own equity instruments are repurchased, consideration paid is deducted from equity as treasury shares until they are cancelled. When such shares are subsequently sold or reissued, any consideration received is included in equity.

INVESTMENT PROPERTIES

Valuation

Investment properties are those that are held either to earn rental income or for capital appreciation or both, including those that are undergoing redevelopment. They are reported on the Group balance sheet at fair value, being the amount for which an investment property could be exchanged between knowledgeable and willing parties in an arm's length transaction. The directors' property valuation is at fair value.

The valuation of properties is undertaken by independent valuers who hold recognised and relevant professional qualifications and have recent experience in the locations and categories of properties being valued. Surpluses or deficits resulting from changes in the fair value of investment property are reported in the Group income statement in the period in which they arise.

Capital expenditure

Investment properties are measured initially at cost, including related transaction costs. Additions to capital expenditure, being costs of a capital nature, directly attributable to the redevelopment or refurbishment of an investment property, up to the point of it being completed for its intended use, are capitalised in the carrying value of that property. The redevelopment of an existing investment property will remain an investment property measured at fair value and is not reclassified. Capitalised interest is calculated with reference to the actual rate payable on borrowings for development purposes, or for that part of the development costs financed out of borrowings the capitalised interest is calculated on the basis of the average rate of interest paid on the relevant debt outstanding.

Disposal

The disposal of investment properties is accounted for on completion of contract. On disposal, any gain or loss is calculated as the difference between the net disposal proceeds and the valuation at the last year end plus subsequent capitalised expenditure in the period.

Depreciation and amortisation

In applying the fair value model to the measurement of investment properties, depreciation and amortisation are not provided in respect of investment properties.

MINING RESERVES, PLANT AND EQUIPMENT

The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in accordance with agreed specifications. Freehold land is not depreciated. Other property, plant and equipment is stated at historical cost less accumulated depreciation.

Other non-current assets, comprising motor vehicles and office equipment, are depreciated at a rate of between 10% and 33% per annum which is calculated to write off the cost, less estimated residual value of the assets, on a straight line basis over their expected useful lives.

MINE INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and overheads relevant to the stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

MINE PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reliably estimated.

A provision for rehabilitation of the mine is carried at present value and is provided for over the life of mine. The provision includes the restoration of the underground, opencast, surface operations and de-commissioning of plant and equipment and is estimated to be utilised at the end of the life of mine of the Group. The timing and final cost of the rehabilitation is uncertain and will depend on the duration of the mine life and the quantities of coal extracted from the reserves.

MINE IMPAIRMENT

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. A review involves determining whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs of disposal and its value in use. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken on a company or group level.

If the carrying amount of an asset exceeds its recoverable amount an asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less cost to sell and value in use). Any change in carrying value is recognised in the comprehensive income statement.

MINE RESERVES AND DEVELOPMENT COST

The purpose of mine development is to establish secure working conditions and infrastructure to allow the safe and efficient extraction of recoverable reserves. Depreciation on mine development is not charged until production commences or the assets are put to use. On commencement of full production, depreciation is charged over the life of the associated mine reserves on a straight-line basis.

SURFACE MINE DEVELOPMENT

Expenditure incurred prior to the commencement of working surface mine sites, net of any residual value and taking into account the likelihood of the site being mined, is capitalised within property, plant and equipment and charged to the income statement over the life of the recoverable reserves of the scheme.

OTHER ASSETS AND DEPRECIATION

The cost, less estimated residual value, of other property, plant and equipment is written off on a straight-line basis over the asset's expected useful life. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to the estimated residual values or useful lives are accounted for prospectively. Heavy surface mining and other plant and equipment is depreciated at varying rates depending upon its expected usage.

The depreciation rates generally applied are:

Mining equipment	The shorter of its useful life or the life of the mine
Mining reserves	Over the expected life of the reserves using the units of production basis
Motor vehicles	25–33 per cent per annum
Office equipment	10–33 per cent per annum

INCOME TAXES

The charge for current taxation is based on the results for the year as adjusted for disallowed or non-assessable items. Tax payable upon realisation of revaluation gains recognised in prior periods is recorded as a current tax charge with a release of the associated deferred tax.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the tax computations, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. In respect of the deferred tax on the revaluation surplus, this is calculated on the basis of the chargeable gains that would crystallise on the sale of the investment portfolio as at the reporting date. The calculation takes account of indexation on the historic cost of properties and any available capital losses. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Group income statement, except when it relates to items charged or credited directly to equity, in which case it is also dealt with in equity.

DIVIDENDS

Dividends payable on the ordinary share capital are recognised as a liability in the period in which they are approved.

CASH AND CASH EQUIVALENTS

Cash comprises cash in hand and on demand deposits, net of bank overdrafts. Cash equivalents comprise short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and original maturities of three months or less.

SEGMENTAL REPORTING

For management reporting purposes, the Group is organised into business segments distinguishable by economic activity. The Group's business segments are LAP operations, Bisichi operations and Dragon operations. These business segments are subject to risks and returns that are different from those of other business segments and are the primary basis on which the Group reports its segmental information. This is consistent with the way the Group is managed and with the format of the Group's internal financial reporting. Significant revenue from transactions with any individual customer, which makes up 10 percent or more of the total revenue of the Group, is separately disclosed within each segment.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2014

1. RESULTS FOR THE YEAR AND SEGMENTAL ANALYSIS

Operating Segments are based on the internal reporting and operational management of the Group. LAP is focused primarily on property activities (which generate trading income), but it also holds and manages investments. The introduction of IFRS 10 has caused the Group to change the accounting treatment for Bisichi which is now consolidated rather than being included in the accounts as an associate using the equity method. The Group has also consolidated Dragon, a company which the Company jointly controls with Bisichi; Dragon was previously accounted for as a joint venture. Bisichi is a coal mining company with operations in South Africa and also holds investment property in the United Kingdom and derives income from property rentals. Dragon is a property investment company and derives its income from property rentals. These operating segments (LAP, Bisichi and Dragon) are each viewed separately and have been so reported below.

BUSINESS SEGMENTS

BUSINESS ANALYSIS	2014 LAP £'000	BISICHI £'000	DRAGON £'000	TOTAL £'000
Rental income	6,000	930	180	7,110
Management income from third party properties	880	–	–	880
Mining	–	25,536	–	25,536
Group Revenue	6,880	26,466	180	33,526
Direct property costs	(1,468)	(63)	(31)	(1,562)
Direct mining costs	–	(18,244)	–	(18,244)
Overheads	(4,743)	(3,783)	(30)	(8,556)
Exchange losses	–	(143)	–	(143)
Depreciation and amortisation	(46)	(2,682)	(4)	(2,732)
Operating profit before listed investments held for trading	623	1,551	115	2,289
Income from listed investments held for trading	1	–	2	3
Operating profit	624	1,551	117	2,292
Finance income	18	97	–	115
Finance expenses	(4,248)	(593)	(34)	(4,875)
Interest rate derivative costs	(1,117)	–	–	(1,117)
Result before valuation movements	(4,723)	1055	83	(3,585)
Other segment items				
Net increase/(decrease) on revaluation of investment properties	859	(6)	–	853
Net increase in value of other investments	–	1	–	1
Net decrease on revaluation of investments held for trading	(2)	(82)	(2)	(86)
Adjustment to interest rate derivative	(1,086)	–	–	(1,086)
Share of profit of joint ventures, net of tax	561	563	–	1,124
Result including revaluation and other movements	(4,391)	1,531	81	(2,779)
Attributable to discontinued operations	86	–	–	86
(Loss)/profit for the year before taxation	(4,305)	1,531	81	(2,693)
Segment assets				
- Non – current assets – property	93,563	17,721	3,110	114,394
- Non – current assets – plant and equipment	178	113	15	306
- Cash and cash equivalents	6,286	2,838	113	9,237
- Non – current assets	2,196	152	–	2,348
- Non – current assets – deferred tax asset	2,324	–	–	2,324
- Current assets – others	2,073	7,277	137	9,487
Total assets excluding investment in joint ventures	106,620	28,101	3,375	138,096
Segment liabilities				
Borrowings	(59,014)	(8,152)	(1,900)	(69,066)
- Current liabilities	(6,702)	(4,566)	(79)	(11,347)
- Non-current liabilities	(5,249)	(3,333)	(202)	(8,784)
Total liabilities	(70,965)	(16,051)	(2,181)	(89,197)
Net assets	35,655	12,050	1,194	48,899
Investment in joint ventures non segmental	–	–	–	4,474
Net assets as per balance sheet	–	–	–	53,373
Major customers				
Customer A	–	12,607	–	12,607
Customer B	–	6,455	–	6,455

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

1. RESULTS FOR THE YEAR AND SEGMENTAL ANALYSIS continued

GEOGRAPHIC ANALYSIS	UNITED KINGDOM £'000	SOUTH AFRICA £'000	2014 TOTAL £'000
Revenue	7,990	25,536	33,526
Operating profit	1,571	721	2,292
Non-current assets excluding investments	123,879	6,030	129,909
Total net assets	49,377	5,296	54,673
Capital expenditure	724	1,877	2,601

BUSINESS ANALYSIS	2013 LAP £'000	BISICHI £'000	DRAGON £'000	TOTAL £'000
Rental income	6,540	917	207	7,664
Management income from third party properties	1,510	–	–	1,510
Mining	–	34,117	–	34,117
Group Revenue	8,050	35,034	207	43,291
Direct property costs	(851)	(121)	(17)	(989)
Direct mining costs	–	(26,158)	–	(26,158)
Overheads	(4,345)	(4,826)	(28)	(9,199)
Exchange losses	–	(880)	–	(880)
Depreciation and amortisation	(54)	(2,817)	(4)	(2,875)
Operating profit before listed investments held for trading	2,800	232	158	3,190
Income/(losses) from listed investments held for trading	2	–	(6)	(4)
Operating profit	2,802	232	152	3,186
Finance income	59	188	–	247
Finance expenses	(5,479)	(446)	(33)	(5,958)
Result before valuation movements	(2,618)	(26)	119	(2,525)
Other segment items				
Net (decrease)/increase on revaluation of investment properties	(488)	(53)	300	(241)
Net decrease in value of other investments	–	(1)	–	(1)
Net increase/(decrease) on revaluation of investments held for trading	3	40	(5)	38
Adjustment to interest rate derivative	4,419	–	–	4,419
Share of loss of joint ventures, net of tax	(45)	(45)	–	(90)
Result including revaluation and other movements	1,271	(85)	414	1,600
Attributable to discontinued operations	(461)	–	–	(461)
Profit/(Loss) for the year before taxation	810	(85)	414	1,139

Segment assets				
- Non – current assets – property	92,046	18,739	3,110	113,895
- Non – current assets – plant and equipment	203	112	19	334
- Cash and cash equivalents	6,990	1,707	121	8,818
- Non – current assets	2,200	151	–	2,351
- Non – current assets – deferred tax asset	5,651	–	–	5,651
- Current assets – others	3,241	9,093	154	12,488
- Current assets – assets held for sale	126,590	–	–	126,590
Total assets excluding investment in joint ventures	236,921	29,802	3,404	270,127

Segment liabilities				
- Borrowings	(60,174)	(8,960)	(1,900)	(71,034)
- Current liabilities	(6,955)	(6,739)	(95)	(13,789)
- Non-current liabilities	(14,166)	(2,972)	(202)	(17,340)
- Non-current liabilities – associated with assets held for sale	(111,523)	–	–	(111,523)
Total liabilities	(192,818)	(18,671)	(2,197)	(213,686)
Net assets	44,103	11,131	1,207	56,441
Investment in joint ventures non segmental				3,294
Net assets as per balance sheet				59,735

Major customers				
Customer A	–	12,981	–	12,981
Customer B	–	7,448	–	7,448
Customer C	–	6,829	–	6,829

These customers are for mining revenue in South Africa.

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

1. RESULTS FOR THE YEAR AND SEGMENTAL ANALYSIS continued

GEOGRAPHIC ANALYSIS	UNITED KINGDOM £'000	SOUTH AFRICA £'000	2013 TOTAL £'000
Revenue	9,174	34,117	43,291
Operating profit/(loss)	3,731	(545)	3,186
Non-current assets excluding investments	123,999	7,050	131,049
Total net assets	52,487	7,248	59,735
Capital expenditure	95	3,012	3,173

Group revenue is external to the Group and the directors consider that inter segmental revenues are not material.

Operating profit excludes the share of profit and losses of joint ventures, finance income and expenses, movement on revaluation of investment properties and investments held for trading and the movement on interest rate derivatives.

2. (LOSS)/PROFIT FOR THE YEAR BEFORE TAXATION

	2014 £'000	2013 RESTATED £'000
(Loss)/profit for the year before taxation is stated after charging/(crediting):		
Staff costs (note 28)	7,786	8,581
Depreciation on tangible fixed assets – owned assets	2,732	2,875
Operating lease rentals – land and buildings	610	645
Exchange loss	143	880
Profit on disposal of motor vehicles and office equipment	(43)	(21)
Amounts payable to the auditor in respect of both audit and non-audit services		
Audit services:		
Statutory – Company and consolidation	87	75
– subsidiaries	78	68
Further assurance services	8	19
Other services	28	5
	201	167

Staff costs are included in overheads.

3. LISTED INVESTMENTS HELD FOR TRADING

	2014 £'000	2013 RESTATED £'000
Loss on disposal	–	(10)
Dividends receivable	3	6
Net Profit/(loss) from listed investments	3	(4)

4. DIRECTORS' EMOLUMENTS

	2014 £'000	2013 £'000
Emoluments	1,367	1,337
Defined contribution pension scheme contributions	69	66
	1,436	1,403

Details of directors' emoluments and share options are set out in the remuneration report.

5. FINANCE INCOME AND EXPENSES

	2014 £'000	2013 RESTATED £'000
Finance income	115	247
Finance expenses		
Interest on bank loans and overdrafts	(2,366)	(1,982)
Unwinding of discount (Bisichi)	(87)	(89)
Other loans	(1,508)	(1,489)
Interest on derivatives	(655)	(2,111)
Interest on obligations under finance leases	(259)	(287)
Total finance expenses	(4,875)	(5,958)
	(4,760)	(5,711)

6. INCOME TAX

	2014 £'000	2013 RESTATED £'000
Current tax		
Corporation tax on profit of the period	17	8
Adjustments in respect of previous periods	29	–
Total current tax	46	8
Deferred tax		
Origination of timing differences	(1,554)	(3,453)
Revaluation of investment properties	192	(1,206)
Accelerated capital allowances	299	(867)
Fair value of interest derivatives	4,702	2,971
Adjustment in respect of prior years	17	–
Total deferred tax (notes 23 and 24)	3,656	(2,555)
Tax on profit on ordinary activities	3,702	(2,547)

Factors affecting tax charge for the year

The corporation tax assessed for the year is different from that at the effective rate of corporation tax in the United Kingdom of 21.5 per cent (2013: 23.25 per cent). The differences are explained below:

	2014 £'000	2013 RESTATED £'000
(Loss)/profit for the year before taxation	(2,693)	1,139
Taxation at 21.5 per cent (2013: 23.25%)	(579)	265
Effects of:		
Other differences	4,051	(1,311)
Joint ventures	(14)	–
Adjustment in respect of prior years	46	–
Deferred tax rate adjustment	198	(1,501)
Income tax charge/(credit) for the year	3,702	(2,547)

The main component of other differences in the reconciliation relates to capital gains of (£0.1 million) (2013: £1.4 million) and indexation allowances of (£0.5 million) (2013: (£0.6 million)) and fair value of interest derivatives of £4.7 million (2013: (£1.7 million)).

Factors that may affect future tax charges:

Based on current capital expenditure plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in future years, but at a slightly lower level than in the current year.

A deferred tax provision has been made for gains on revaluing investment properties. At present it is not envisaged that any tax will become payable in the foreseeable future.

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

7. DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

A. DISPOSALS

As part of the Group's strategy to focus on core assets, the Group disposed of King Edward Court, Windsor during the year. The profits and losses arising from this disposals are classified as discontinued operations. Contracts for the sale of King Edward Court had been exchanged in 2013 and completion took place in January 2014. The transaction was included as a discontinued operation in 2013 in order to show a true and fair view.

B. RESULT FOR THE YEAR OF DISCONTINUED OPERATIONS

	2014 £'000	2013 £'000
Gross property income	464	7,370
Direct property costs	(144)	(720)
Net property income	320	6,650
Overheads	(70)	(93)
Net revenue from property	250	6,557
Loss on sale of investment properties	–	(165)
	250	6,392
Finance expenses	(164)	(5,990)
Debenture break costs	–	(545)
	86	(143)
Net decrease on revaluations of investment properties	–	(5,351)
Share of loss of joint venture after tax	–	(315)
Interest rate derivative	–	5,348
Profit/(loss) before tax attributable to shareholders	86	(461)
Income tax	–	1,626

C. CASH FLOWS FROM DISCONTINUED OPERATIONS

	2014 £'000	2013 £'000
Cash flows from operating activities	250	6,392
Cash flows from investing activities	102,670	9,310
Cash flows from financing activities	(85,766)	(15,021)
Net cash inflow from discontinued operations	17,154	681

D. SUMMARY OF ASSETS AND LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE

	2014 £'000	2013 £'000
Investment properties	–	102,663
Present value of head leases	–	23,627
Property	–	126,290
Trade and other receivables	–	300
Assets held for sale	–	126,590
Net current borrowings	–	(70,000)
Trade and other payables	–	(3,297)
Interest rate derivatives	–	(14,599)
Present value of head leases	–	(23,627)
Liabilities associated with assets held for sale	–	(111,523)
Net assets associated with assets held for sale	–	15,067

8. DIVIDEND

	2014 PER SHARE	£'000	2013 PER SHARE	£'000
Dividends paid during the year relating to the prior period	0.125p	106	–	–
Dividends to be paid:				
Proposed final dividend	0.156p	133	0.125p	105

9. (LOSS)/PROFIT PER SHARE AND NET ASSETS PER SHARE

(Loss)/profit per share has been calculated as follows:

	2014	2013
(Loss)/profit for the year for the purposes of basic and diluted profit per share (£'000)	(7,140)	3,473
Weighted average number of ordinary shares in issue for the purpose of basic profit per share ('000)	84,500	84,266
Basic (loss)/profit per share	(8.45)p	4.12p
Weighted average number of ordinary shares in issue for the purpose of diluted profit per share ('000)	84,500	84,266
Fully diluted (loss)/profit per share	(8.45)p	4.12p

Weighted average number of shares in issue is calculated after excluding treasury shares of 1,032,991 (2013: 1,254,738).

The loss for continuing operations was £7,226,000 (2013: profit £2,308,000) and the profit for discontinued operations was £86,000 (2013: £1,165,000).

There was no dilutive effect of the outstanding options in either year.

Net assets per share have been calculated as follows:

	2014	2013
Net assets (£'000)	42,547	49,734
Shares in issue ('000)	84,510	84,288
Basic net assets per share	50.35p	59.00p
Net assets diluted (£'000)	42,547	49,734
Shares in issue ('000)	84,510	84,288
Diluted net assets per share	50.35p	59.00p

10. INVESTMENT PROPERTIES

	TOTAL £'000	FREEHOLD £'000	LEASEHOLD OVER 50 YEARS £'000	LEASEHOLD UNDER 50 YEARS £'000
Cost or valuation at 1 January 2014	106,911	82,644	23,986	281
Reclassification	–	–	(1,493)	1,493
Additions	684	684	–	–
Decrease in present value of head leases	(4)	–	(2)	(2)
Increase/(decrease) on revaluation	852	1,752	(900)	–
Cost or valuation at 31 December 2014	108,443	85,080	21,591	1,772
Representing assets stated at:				
Valuation	103,655	85,080	17,450	1,125
Present value of head leases	4,788	–	4,141	647
	108,443	85,080	21,591	1,772
Net book value at 1 January 2014	106,911	82,644	23,986	281
Net book value at 31 December 2014	108,443	85,080	21,591	1,772

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

10. INVESTMENT PROPERTIES continued

	TOTAL £'000	FREEHOLD £'000	LEASEHOLD OVER 50 YEARS £'000	LEASEHOLD UNDER 50 YEARS £'000
Cost or valuation at 1 January 2013	248,693	88,956	159,431	306
Discontinued operations	(126,290)	–	(126,290)	–
Additions	14	–	14	–
Disposals	(9,475)	(7,585)	(1,890)	–
Decrease in present value of head leases	(433)	–	(433)	–
(Decrease)/ Increase on revaluation	(5,598)	1,273	(6,846)	(25)
Cost or valuation at 31 December 2013	106,911	82,644	23,986	281
Representing assets stated at:				
Valuation	102,118	82,644	19,199	275
Present value of head leases	4,793	–	4,787	6
	106,911	82,644	23,986	281
Net book value at 1 January 2013	248,693	88,956	159,431	306
Net book value at 31 December 2013	106,911	82,644	23,986	281

The leasehold and freehold properties, excluding the present value of head leases and directors valuations, were valued as at 31 December 2014 by external professional firms of chartered surveyors. The valuations were made at fair value. The directors' property valuations were made at fair value.

	2014 £'000	2013 £'000
Allsop LLP	87,145	87,240
Woolhouse Real Estate	–	13,053
Carter Towler	11,575	–
Directors valuations	4,935	1,825
	103,655	102,118
Add: Present value of headleases	4,788	4,793
	108,443	106,911

The historical cost of investment properties, including total capitalised interest of £1,161,000 (2013: £1,161,000) was as follows:

	FREEHOLD £'000	2014 LEASEHOLD OVER 50 YEARS £'000	LEASEHOLD UNDER 50 YEARS £'000	FREEHOLD £'000	2013 LEASEHOLD OVER 50 YEARS £'000	LEASEHOLD UNDER 50 YEARS £'000
Cost at 1 January	70,917	18,660	785	83,277	122,963	785
Reclassification	–	(1,154)	1,154	–	–	–
Additions	684	–	–	–	14	–
Disposals	–	–	–	(12,360)	(2,322)	–
Discontinued operations	–	–	–	–	(101,995)	–
Cost at 31 December	71,601	17,506	1,939	70,917	18,660	785

Each year external valuers are appointed by the Executive Directors on behalf of the Board. The valuers are selected based upon their knowledge, independence and reputation for valuing assets such as those held by the Group.

Valuations are performed annually and are performed consistently across all properties in the Group's portfolio. At each reporting date appropriately qualified employees of the Group verify all significant inputs and review the computational outputs. Valuers submit their report to the Board on the outcome of each valuation.

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

10. INVESTMENT PROPERTIES continued

Valuations take into account tenure, lease terms and structural condition. The inputs underlying the valuations include market rent or business profitability, likely incentives offered to tenants, forecast growth rates, yields, EBITDA, discount rates, construction costs including any specific site costs (for example section 106), professional fees, developer's profit including contingencies, planning and construction timelines, lease regear costs, planning risk and sales prices based on known market transactions for similar properties to those being valued.

Valuations are based on what is determined to be the highest and best use. When considering the highest and best use the valuer will consider, on a property by property basis, its actual and potential uses which are physically, legally and financially viable. Where the highest and best use differs from the existing use, the valuer will consider the cost and likelihood of achieving and implanting this change in arriving at its valuation.

There are often restrictions on Freehold and Leasehold property which could have a material impact on the realisation of these assets. The most significant of these occur when planning permission or lease extension and renegotiation of use are required or when a credit facility is in place. These restrictions are factored in the property's valuation by the external valuer.

The methods of fair value measurement are classified into a hierarchy based on the reliability of the information used to determine the valuation, as follows:

Level 1: valuation based on inputs on quoted market prices in active markets.

Level 2: valuation based on inputs other than quoted prices included within level 1 that maximise the use of observable data directly or from market prices or indirectly derived from market prices.

Level 3: where one or more inputs to valuations are not based on observable market data.

CLASS OF PROPERTY LEVEL 3	CARRYING / FAIR VALUE 2014 £'000	VALUATION TECHNIQUE	KEY UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE) 2014
Freehold – external valuation	80,145	Income capitalisation	Estimated Rental Value Per sq ft p.a Equivalent Yield	£4 – £41 (£7 – £15) 5.3% – 12.5% (6.9%)
Leasehold over 50 years – external valuation	21,591	Income capitalisation	Estimated Rental Value Per sq ft p.a Equivalent Yield	£7 – £26 (£13 – £19) 6.9% – 11.3% (8.8%)
Leasehold under 50 years – external valuation	1,772	Income capitalisation	Estimated Rental Value Per sq ft p.a Equivalent Yield	£5 – £11 (£8) 14.3% – 23.8% (15.6%)
Freehold – Directors' valuation	4,935	Income capitalisation	Estimated Rental Value Per sq ft p.a Equivalent Yield	£5 – £19 (£9) 5.9% – 8.3% (6.8%)
At 31 December 2014	108,443			

There are interrelationships between all these inputs as they are determined by market conditions. The existence of an increase in more than one input would be to magnify the input on the valuation. The impact on the valuation will be mitigated by the interrelationship of two inputs in opposite directions, for example, an increase in rent may be offset by an increase in yield.

The table below illustrates the impact of changes in key unobservable inputs on the carrying / fair value of the Group's properties.

	ESTIMATED RENTAL VALUE 10% INCREASE OR (DECREASE) £'000	EQUIVALENT YIELD 25 BASIS POINT CONTRACTION OR (EXPANSION) £'000
Freehold – external valuation	8,014/(8,014)	3,532/(4,716)
Leasehold over 50 years – external valuation	1,745/(1,745)	412/(418)
Leasehold under 50 years – external valuation	113/(112)	17/(19)
Freehold – Directors' valuation	493/(494)	184/(171)

11. MINING RESERVES, PLANT AND EQUIPMENT

	TOTAL £'000	MINING RESERVES £'000	MINING EQUIPMENT £'000	OFFICE EQUIPMENT AND MOTOR VEHICLES £'000
Cost at 1 January 2014	18,985	1,310	16,328	1,347
Exchange adjustment	(600)	(44)	(550)	(6)
Additions	1,917	–	1,838	79
Disposals	(766)	–	(77)	(689)
Cost at 31 December 2014	19,536	1,266	17,539	731
Accumulated depreciation at 1 January 2014	11,667	1,184	9,470	1,013
Exchange adjustment	(369)	(38)	(329)	(2)
Charge for the year	2,732	3	2,641	88
Disposals	(751)	–	(77)	(674)
Accumulated depreciation at 31 December 2014	13,279	1,149	11,705	425
Net book value at 31 December 2014	6,257	117	5,834	306
Cost at 1 January 2013	19,939	1,651	16,835	1,453
Exchange adjustment	(3,853)	(341)	(3,479)	(33)
Additions	3,093	–	2,972	121
Disposals	(194)	–	–	(194)
Cost at 31 December 2013	18,985	1,310	16,328	1,347
Accumulated depreciation at 1 January 2013	11,018	1,438	8,462	1,118
Exchange adjustment	(2,068)	(296)	(1,749)	(23)
Charge for the year	2,875	42	2,757	76
Disposals in year	(158)	–	–	(158)
Accumulated depreciation at 31 December 2013	11,667	1,184	9,470	1,013
Net book value at 31 December 2013	7,318	126	6,858	334

12. INVESTMENT IN JOINT VENTURES
Shares in joint ventures:

	2014 £'000	2013 £'000
At 1 January	2,310	1,153
Share of profit/(loss) after tax	1,124	(404)
Investment in shares	–	151
Transferred to subsidiary undertaking	–	1,410
	1,124	1,157
At 31 December	3,434	2,310

Results of joint ventures:

	LANGNEY £'000	EZIMBOKODWENI £'000	2014 £'000	2013 £'000
Turnover	1,048	–	1,048	1,312
Profit and loss				
Profit/(loss) before and after taxation	4,496	–	4,496	(360)
Balance sheet				
Non-current assets	19,688	2,120	21,808	18,352
Current assets	3,080	6	3,086	1,935
Current liabilities	(1,376)	(2,126)	(3,502)	(2,707)
Non-current liabilities	(10,392)	–	(10,392)	(11,076)
Net assets at 31 December	11,000	–	11,000	6,504

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

12. INVESTMENT IN JOINT VENTURES continued

Reconciliation to amounts included in the financial statements:

GROUP SHARE OF:	LANGNEY 25% £'000	EZIMBOKODWENI 49% £'000	2014 £'000	2013 £'000
Net assets at 1 January	1,626	–	1,626	1,716
Profit/(loss) before and after taxation	1,124	–	1,124	(90)
Share of net assets at 31 December	2,750	–	2,750	1,626
Investment not represented by net assets	–	684	684	684
Shares in joint ventures	2,750	684	3,434	2,310

Langney Shopping Centre Unit Trust (Langney) – unlisted property investment unit trust. The Company acquired 12.50 per cent of the total ordinary units in issue in June 2011. A further 12.50 per cent is owned by Bisichi Mining PLC. The remaining 75 per cent is owned by Columbus Capital Management LLP. Langney is incorporated in Jersey and has 7,707 (2013: 7,707) ordinary units in issue of £1,000 each. The Company has a management contract to manage the property on behalf of Langney and accordingly has a significant influence in Langney. It is a single asset unit trust.

Ezimbokodweni Mining (pty) Limited (Ezimbokodweni) – unlisted coal production company. The Group owns, via Bisichi Mining PLC, 49% of the issued share capital. The company is incorporated in South Africa. It has issued share capital of 100 (2013: 100) ordinary shares of ZAR1 each.

13. LOAN TO JOINT VENTURE

	2014 JOINT VENTURES ASSETS £'000	2013 JOINT VENTURES ASSETS £'000
Loan to Ezimbokodweni Mining (pty) Limited		
At 1 January	984	1,117
Exchange adjustments	(36)	(242)
Additions	92	109
Transfers	–	–
At 31 December	1,040	984

14. SUBSIDIARY COMPANIES

The Group owns the ordinary share capital of the following principal subsidiaries which are included within the consolidated financial statements:

ENTITY	ACTIVITY	PERCENTAGE OF SHARE CAPITAL	COUNTRY OF INCORPORATION
LAP Ocean Holdings Limited	Property Investment	100%	England and Wales
Brixton Village Limited	Property Investment	100%	England and Wales
Market Row Limited	Property Investment	100%	England and Wales
Analytical Properties Holdings Limited	Property Investment	100%	England and Wales
Analytical Properties Limited	Property Investment	100%	England and Wales
Newincco 1243 Limited	Property Investment	100%	England and Wales
Newincco 1244 Limited	Property Investment	100%	England and Wales
Newincco 1245 Limited	Property Investment	100%	England and Wales
Newincco 1299 Limited	Property Investment	100%	England and Wales
Newincco 1300 Limited	Property Investment	100%	England and Wales
London & Associated Management Services Limited	Property Management Services	100%	England and Wales
Bisichi Mining PLC (note C)	Coal mining	41.58%	England and Wales
Mineral Products Limited (note A)	Share dealing	100%	England and Wales
Bisichi (Properties) Limited (note A)	Property	100%	England and Wales
Black Wattle Colliery (pty) Limited (note A)	Coal mining	62.5%	South Africa
Bisichi Coal Mining (pty) Limited (note A)	Coal mining	100%	South Africa
Dragon Retail Properties Limited (note B)(note C)	Property	100%	England and Wales

Details on the non-controlling interest in subsidiaries are shown under note 26.

Note A: these companies are owned by Bisichi and the equity shareholdings disclosed relate to that company.

Note B: this entity is a joint venture owned 50% by LAP and 50% by Bisichi.

Note C: These entities are included in the consolidated financial statements as a result of the change in accounting policy described on pages 50 - 54. The directors are satisfied that the fair value of assets at the effective date of acquisition of Bisichi Mining PLC in 1976 and Dragon Retail Properties Limited were not materially different to the values included under the previous equity accounting treatment and that accordingly no goodwill or discount to book value would have arisen at that time. They have been treated as if they had been subsidiaries from the date of acquisition and the comparative figures have been amended accordingly.

15. INVENTORIES

	2014 £'000	2013 £'000
Coal		
Washed	606	481
Run of mine	1,070	754
Work in progress	45	487
Other	39	34
	1,760	1,756

16. HELD TO MATURITY INVESTMENTS

	2014 TOTAL £'000	UNLISTED SHARES £'000	LOAN STOCK £'000	2013 TOTAL £'000	UNLISTED SHARES £'000	LOAN STOCK IN JOINT VENTURES £'000
Cost						
At 1 January	2,200	2,200	–	1,913	5	1,908
Reclassification	300	(2,199)	2,499	(1,423)	–	(1,423)
Loan stock issued	–	–	–	26	–	26
Repayments	(304)	–	(304)	(511)	–	(511)
Impairment	–	–	–	(5)	(5)	–
Additions – HRGT	–	–	–	2,200	2,200	–
At 31 December	2,196	1	2,195	2,200	2,200	–

HRGT – The Group acquired a 6.95% interest in the equity and loans of HRGT Shopping Centres LP (HRGT), a limited partnership set up in England to acquire and own 3 shopping centres in Dunfermline, Kings Lynn and Loughborough. 92.10% of the equity and loans are owned by Oaktree Capital Management and 0.95% by Gooch Cunliffe Whale LLP. London & Associated Management Services Limited has a management contract to manage the properties on behalf of HRGT.

17. TRADE AND OTHER RECEIVABLES

	2014 £'000	2013 £'000
Trade receivables	4,790	6,699
Amounts due from joint ventures	338	476
Other receivables	669	725
Prepayments and accrued income	977	1,841
	6,774	9,741

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

18. INVESTMENTS AVAILABLE FOR SALE AND HELD FOR TRADING

	2014 £'000	2013 £'000
Market bid value of the listed investment portfolio – available for sale	796	822
Market bid value of the listed investment portfolio – held for trading	122	133
Unrealised gain/(loss) of market value over cost	54	(85)
Listed investment portfolio at cost	763	760

Investments are listed on the London Stock Exchange with the exception of £38,000 (2013: £44,000) listed outside Great Britain.

19. TRADE AND OTHER PAYABLES

	2014 £'000	2013 £'000
Trade payables	1,905	4,365
Amounts owed to joint ventures	7	–
Other taxation and social security costs	896	765
Other payables	3,229	2,026
Accruals and deferred income	5,286	6,619
	11,323	13,775

The directors consider that the carrying amount of trade and other payables approximates to their fair value.

20. BORROWINGS

CURRENT BORROWINGS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Other loans (Bisichi)	20	13
£5 million First Mortgage Debenture Stock 2018 at 11.6 per cent	1,250	–
Bank overdrafts (secured)	–	1,490
Bank overdrafts (secured) – Bisichi	2,119	3,029
£5 million revolving credit facility (secured) repayable on demand	–	5,000
£1 million term bank loan repayable by 2015 (unsecured)	201	258
£47 million revolving credit facility (secured) repayable in 2013*	–	44,170
	3,590	53,960

NON-CURRENT BORROWINGS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £'000	2013 £'000
Term borrowings		
Debenture stocks:		
£5 million First Mortgage Debenture Stock 2018 at 11.6 per cent	3,750	5,000
£10 million First Mortgage Debenture Stock 2022 at 8.109 per cent*	9,871	9,855
	13,621	14,855
Other loans (Bisichi)	111	118
Term bank loans:		
£6 million term bank loan (secured) repayable by 2019 (Bisichi)*	5,902	–
£1.9 million revolving credit facility term bank loan (secured) repayable by 2016 (Dragon)	1,900	1,900
£1 million term bank loan (unsecured) repayable by 2015	–	201
£34.895 million term bank loan (secured) repayable by 2019*	34,124	–
£10.105 million term bank loan (secured) repayable by 2019*	9,818	–
	51,855	2,219
	65,476	17,074

* The £10 million debenture and bank loans are shown after deduction of un-amortised issue costs.

Interest payable on the term bank loans is variable being based upon the London inter-bank offered rate (LIBOR) plus margin.

First Mortgage Debenture Stocks August 2018 and 2022 and the £34.895 million and £10.105 million term bank loans repayable in July 2019 are secured by way of a charge on specific freehold and leasehold properties which are included in the financial statements at a value of £87.1 million.

The Bisichi United Kingdom bank loans and overdraft are secured by way of a first charge over the investment properties in the UK which are included in the financial statements at a value of £11.6 million. At the year-end an amount of £472,500 was held in a blocked account by Santander UK PLC that relates to the new £6 million loan facility. The funds have been blocked in order to satisfy the bank that certain conditions relating to the facility will be fulfilled. Subsequent to year end these conditions have been fulfilled and Santander UK PLC have confirmed that these funds will be released in the near future.

The Bisichi South African bank loans and overdrafts of £2,179,000 (2013: £2,794,000) are secured by way of a first charge over specific pieces of mining equipment, inventory and the debtors of the relevant company which holds the loan which are included in the financial statements at a value of £6.3 million.

The £1.9 million bank loan (Dragon) is repayable in May 2016 and is secured by way of a first charge on specific freehold properties which are included in the financial statements at a value of £3.1 million.

The Group's objectives when managing capital are:

- To safeguard the Group's ability to continue as a going concern, so that it may provide returns for shareholders and benefits for other stakeholders; and
- To provide adequate returns to shareholders by ensuring returns are commensurate with the risk.

21. PROVISIONS

	2014 £'000	2013 £'000
At 1 January	874	989
Exchange adjustment	(31)	(204)
Unwinding of discount	87	89
At 31 December	930	874

The above provision relates to mine rehabilitation costs in Bisichi.

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

22. FINANCIAL INSTRUMENTS

TOTAL FINANCIAL ASSETS AND LIABILITIES

The Group's financial assets and liabilities and their fair values are as follows:

	FAIR VALUE £'000	2014 CARRYING VALUE £'000	FAIR VALUE £'000	2013 CARRYING VALUE £'000
Cash and cash equivalents	9,237	9,237	8,818	8,818
Financial assets – investments held for trading	918	918	955	955
Other assets	6,774	6,774	9,741	9,741
Derivative liabilities	(656)	(656)	(9,569)	(9,569)
Bank overdrafts	(2,119)	(2,119)	(4,519)	(4,519)
Bank loans	(53,137)	(52,076)	(51,684)	(51,660)
Present value of head leases on properties	(4,788)	(4,788)	(4,793)	(4,793)
Other liabilities	(11,323)	(11,323)	(13,775)	(13,775)
Total financial liabilities before debentures	(55,094)	(54,033)	(64,826)	(64,802)

FAIR VALUE OF DEBENTURE STOCKS

Fair value of the Group's debenture liabilities:

	BOOK VALUE £'000	FAIR VALUE £'000	2014 FAIR VALUE ADJUSTMENT £'000	2013 FAIR VALUE ADJUSTMENT £'000
Debenture stocks	(15,000)	(19,320)	(4,320)	(4,365)
Tax at 20 per cent (2013: 20 per cent)			864	873
Post tax fair value adjustment			(3,456)	(3,492)
Post tax fair value adjustment – basic pence per share			(4.0)p	(3.7)p

There is no material difference in respect of other financial liabilities or any financial assets.

The fair values were calculated by the directors as at 31 December 2014 and reflect the replacement value of the financial instruments used to manage the Group's exposure to adverse rate movements.

The fair values of the debentures are based on the net present value at the relevant gilt interest rate of the future payments of interest on the debentures. The bank loans and overdrafts are at variable rates and there is no material difference between book values and fair values.

Investments held for trading fall under level 1 of the fair value hierarchy into which fair value measurements are recognised in accordance with the levels set out in IFRS 7. Other investments are held at cost. The directors are of the opinion that the difference in value between cost and fair value of other investments is not significant or material. The comparative figures for 2013 fall under the same category of financial instrument as 2014.

TREASURY POLICY

The Group enters into derivative transactions such as interest rate swaps and forward exchange contracts in order to help manage the financial risks arising from the Group's activities. The main risks arising from the Group's financing structure are interest rate risk, liquidity risk and market price risk. The policies for managing each of these risks and the principal effects of these policies on the results are summarised below.

INTEREST RATE RISK

Treasury activities take place under procedures and policies approved and monitored by the Board to minimise the financial risk faced by the Group. The £34.8975 million bank loan and Bisichi United Kingdom bank loans and overdraft are secured by way of a first charge on certain fixed assets. The rates of interest vary based on LIBOR in the UK.

The £10.105 million term bank loan is secured by way of a second charge on certain fixed assets. This loan is based on a fixed interest rate.

The Bisichi South African bank loans are secured by way of a first charge over specific pieces of mining equipment, inventory and the debtors of the relevant company which holds the loan. The rates of interest vary based on PRIME in South Africa.

The £1.9 million bank loan (Dragon) is secured by way of a first charge on specific freehold properties. The rate of interest varies based on LIBOR in the UK.

SENSITIVITY ANALYSIS

As all variable interest term debt has been covered by hedged derivatives it is not considered that there is any material sensitivity for the Group to changes in interest rates.

LIQUIDITY RISK

The Group's policy is to minimise refinancing risk by balancing its exposure to interest risk and to refinancing risk. In effect the Group seeks to borrow for as long as possible at the lowest acceptable cost. Efficient treasury management and strict credit control minimise the costs and risks associated with this policy which ensures that funds are available to meet commitments as they fall due. Cash and cash equivalents earn interest at rates based on LIBOR in the UK. These facilities are considered adequate to meet the Group's anticipated cash flow requirements for the foreseeable future.

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

22. FINANCIAL INSTRUMENTS continued

The table below analyses the Group's financial liabilities into maturity Groupings and also provides details of the liabilities that bear interest at fixed, floating and non-interest bearing rates.

	2014 TOTAL £'000	LESS THAN 1 YEAR £'000	2-5 YEARS £'000	OVER 5 YEARS £'000
Bank overdrafts (floating)	2,119	2,119	–	–
Debentures (fixed)	15,000	1,250	3,750	10,000
Bank loans (fixed)	10,105	–	10,105	–
Bank loans (floating)*	43,032	221	42,811	–
Trade and other payables (non-interest)	17,221	16,338	749	134
	87,477	19,928	57,415	10,134

	2013 TOTAL £'000	LESS THAN 1 YEAR £'000	2-5 YEARS £'000	OVER 5 YEARS £'000
Bank overdrafts (floating)	4,519	4,519	–	–
Debentures (fixed)	15,000	–	5,000	10,000
Bank loans (floating)*	51,684	49,465	2,219	–
Trade and other payables (non-interest)	19,452	19,269	49	134
	90,655	73,253	7,268	10,134

The Group would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

*Certain bank loans are fully hedged with appropriate interest derivatives. Details of all hedges are shown below.

MARKET PRICE RISK

The Group is exposed to market price risk through interest rate and currency fluctuations.

CREDIT RISK

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. The Group only deposits surplus cash with well-established financial institutions of high quality credit standing.

BORROWING FACILITIES

At 31 December 2014 the Group was within its bank borrowing facilities and was not in breach of any of the covenants. Term loan repayments are as set out below. Details of other financial liabilities are shown in Notes 19 and 20.

HEDGE PROFILE

At 31 December 2013 the Group had hedges totalling £50.4 million to cover the £44.2 million facility. These consisted of a 20 year swap for £10.4 million with a 7 year call option in favour of the bank, taken out in November 2007, at 4.76 per cent; and a 20 year swap for £40 million with a 7 year call option in favour of the bank, taken out in December 2007, at 4.685 per cent.

During the year all above hedges were cancelled and the bank loans repaid in full.

Terminating the hedges cost a total of £10,686,000 against a provision of £9,569,000 at 31 December 2013. The amount of hedge break costs recognised in the 2014 income statement was a loss of £1,117,000.

At 31 December 2014 the Group had hedges totalling £35 million to cover the £34.9 million bank loan. These consisted of a 5 year swap for £17.5 million, taken out in July 2014 at 2.25%. A £17.5 million cap agreement taken out in July 2014 at 2.25% until 29 January 2016 and a swaption at 2.25% on the capped portion from 29 January 2016 to 1 July 2019.

Under IFRS 13 the hedges are not deemed to be eligible for hedge accounting and any movement in the value of the hedges is therefore charged directly to the consolidated income statement.

At the year end the fair value liability in the accounts was £656,000 as valued by the hedge provider. The additional charge to the consolidated income statement of £430,000 relates to the premiums paid on the purchase of the swaption and a total charge to consolidated income statement of £1,086,000.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimation

The Group has adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires the methods of fair value measurement to be classified into a hierarchy based on the reliability of the information used to determine the valuation, as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (level 3).

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

22. FINANCIAL INSTRUMENTS continued

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000	2014 LOSS TO INCOME STATEMENT '000
Financial assets					
Other financial assets held for trading and available for sale					
Quoted equities	918	–	–	918	(86)
Financial liabilities					
Derivative financial instruments					
Interest rate swaps	–	656	–	656	(1,086)

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000	2013 GAIN TO INCOME STATEMENT '000
Financial assets					
Other financial assets held for trading and available for sale					
Quoted equities	955	–	–	955	38
Financial liabilities					
Derivative financial instruments					
Interest rate swaps	–	9,569	–	9,569	4,419
Discontinued					
Derivative financial instruments					
Interest rate swaps	–	14,599	–	14,599	5,348

CAPITAL STRUCTURE

The Group sets the amount of capital in proportion to risk. It ensures that the capital structure is commensurate to the economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may vary the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group considers its capital to include share capital, share premium, capital redemption reserve, translation reserve and retained earnings, but excluding the interest rate derivatives.

Consistent with others in the industry, the Group monitors its capital by its debt to equity ratio (gearing levels). This is calculated as the net debt (loans less cash and cash equivalents) as a percentage of the equity. During 2014 this increased to 94.1 per cent (2013: 80.2 per cent) which was calculated as follows:

	2014 £'000	2013 £'000
Total debt	69,066	71,034
Less cash and cash equivalents	(9,237)	(8,818)
Net debt	59,829	62,216
Total equity	53,598	67,390
	111.6%	92.3%

All the debt, apart from the overdrafts, is at fixed rates of interest as shown in Notes 19 and 20. The Group does not have any externally imposed capital requirements.

FINANCIAL ASSETS

Financial assets are disclosed in Notes 16, 17 and 18 and above.

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments. The Group has no significant concentration of credit risk as exposure is spread over a large number of counterparties and customers. The credit risk in liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and the current economic environment.

22. FINANCIAL INSTRUMENTS continued

FINANCIAL ASSETS MATURITY

Cash and cash equivalents all have a maturity of less than three months.

	2014 £'000	2013 £'000
Cash at bank and in hand	9,237	8,818

These funds are primarily invested in short term bank deposits maturing within one year bearing interest at the bank's variable rates.

FINANCIAL LIABILITIES MATURITY
Repayment of borrowings

	2014 £'000	2013 £'000
Bank loans and overdrafts:		
Repayable on demand or within one year	2,340	53,960
Repayable between two and five years	51,855	2,115
Repayable after five years	–	104
	54,195	56,179
Debentures:		
Repayable within one year	1,250	–
Repayable between two and five years	3,750	5,000
Repayable in more than five years	9,871	9,855
	69,066	71,034

Certain borrowing agreements contain financial and other conditions that if contravened by the Group, could alter the repayment profile.

COMMODITY PRICE RISK

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market of commodities. Bisichi is exposed to commodity price risk as its future revenues will be derived based on a contract with a physical off-take partner at prices that will be determined by reference to market prices of coal at the delivery date.

From time to time Bisichi may manage its exposure to commodity price risk by entering into forward sales contracts with the goal of preserving future revenue streams.

FOREIGN EXCHANGE RISK

Only Bisichi is subject to this risk. For Bisichi all trading is undertaken in the local currencies. Funding is also in local currencies other than inter-company investments and loans and it is not the Group's policy to obtain forward contracts to mitigate foreign exchange risk on these amounts. During 2014 and 2013 the Group did not hedge its exposure of foreign investments held in foreign currencies.

The table below shows the currency profiles of cash and cash equivalents:

	2014 £'000	2013 £'000
Sterling	1,697	139
South African Rand	1,138	1,426
US Dollar	3	142
	2,838	1,707

Cash and cash equivalents earn interest at rates based on LIBOR in Sterling and Prime in Rand.

The tables below shows the currency profiles of net monetary assets and liabilities by functional currency of the Group:

2014:	STERLING £'000	SOUTH AFRICAN RANDS £'000
Sterling	(2,515)	–
South African Rand	153	618
US Dollar	20	–
	(2,342)	618

2013:	STERLING £'000	SOUTH AFRICAN RANDS £'000
Sterling	(4,082)	–
South African Rand	768	(1,065)
US Dollar	187	–
	(3,127)	(1,065)

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

22. FINANCIAL INSTRUMENTS continued

The directors consider there to be no significant risk from exchange rate movements of foreign currencies against the functional currencies of the reporting companies within the Group. As such no sensitivity analysis is prepared.

INTEREST RATE RISK AND HEDGE PROFILE

	2014 £'000	2013 £'000
Fixed rate borrowings	25,105	15,000
Floating rate borrowings		
– Subject to interest rate swap	34,898	50,400
– Excess hedge	–	(4,281)
	60,003	61,119
Average fixed interest rate	9.36%	9.27%
Weighted average swapped interest rate	4.79%	7.19%
Weighted average cost of debt on overdrafts, bank loans and debentures	5.70%	7.25%
Average period for which borrowing rate is fixed	5.5 years	7.7 years
Average period for which borrowing rate is swapped	4.5 years	13.9 years

The Group's floating rate debt bears interest based on LIBOR for the term bank loans and bank base rate for the overdrafts.

23. DEFERRED TAX ASSET

	2014 £'000	2013 £'000
Deferred tax asset balance at 1 January	5,651	3,324
Transfer to consolidated income statement	(3,327)	2,327
Balance at 31 December	2,324	5,651
The deferred tax balance comprises the following:		
Revaluation of investment properties	(3,211)	(3,020)
Accelerated capital allowances	(1,052)	(1,029)
Fair value of interest derivatives	131	4,833
Short-term timing differences	(143)	(143)
	(4,275)	641
Loss relief	6,599	5,010
Deferred tax asset provision at end of period	2,324	5,651

The directors consider the temporary differences arising in connection with the interests in joint ventures are insignificant. There is no time limit in respect of the Group tax loss relief.

24. DEFERRED TAX LIABILITIES

	2014 £'000	2013 £'000
Deferred tax liability balance at 1 January	2,070	2,605
Recognised as income	378	(228)
Exchange adjustment	(38)	(273)
Balance at 31 December	2,410	2,104
The deferred tax balance comprises the following:		
Revaluation of properties	929	912
Accelerated capital allowances	1,421	1,186
Short-term timing differences	60	6
Deferred tax liability provision at end of period	2,410	2,104

25. SHARE CAPITAL

	NUMBER OF ORDINARY 10P SHARES 2014	NUMBER OF ORDINARY 10P SHARES 2013	2014 £'000	2013 £'000
Authorised: Ordinary shares of 10p each	110,000,000	110,000,000	11,000	11,000
Allotted, issued and fully paid share capital	85,542,711	85,542,711	8,554	8,554
Less: held in Treasury (see below)	(1,032,991)	(1,254,738)	(103)	(125)
"Issued share capital" for reporting purposes	84,509,720	84,287,973	8,451	8,429

The Company has one class of ordinary shares which carry no right to fixed income.

TREASURY SHARES

	NUMBER OF ORDINARY 10P SHARES		COST/ISSUE VALUE	
	2014	2013	2014 £'000	2013 £'000
Shares held in Treasury at 1 January	1,254,738	1,538,398	1,159	1,421
Issued to meet directors bonuses (Feb 14 – 58.25p) 2013: (Jan 13 – 22p)	(264,257)	(103,580)	(244)	(96)
Issued to meet staff bonuses (Feb 14 – 58.25p) 2013: (Jan 13 – 22p)	(91,728)	(64,818)	(84)	(60)
Issued for new directors share incentive plan (Feb 14 – 58.25p) 2013: (Jan 13 – 22p)	(5,150)	(27,272)	(5)	(25)
Issued for new staff share incentive plan (Feb 14 – 58.25p) 2013: (Jan 13 – 22p)	(30,368)	(63,208)	(28)	(58)
Issued for new directors share incentive plan 2013: (Jan 13 – 21.75p)	–	(4,673)	–	(4)
Issued for new staff share incentive plan 2013: (Jan 13 – 21.75p)	–	(20,109)	–	(19)
Purchase of shares (Apr 14 – 50.65p)	171,674	–	87	–
Issued to meet staff bonuses (Dec 14 – 39.5p)	(1,918)	–	(2)	–
Shares held in Treasury at 31 December	1,032,991	1,254,738	883	1,159

SHARE OPTION SCHEMES
Employees' share option scheme (Approved scheme)

At 31 December 2014 there were no options to subscribe for ordinary shares outstanding, issued under the terms of the Employees' Share Option Scheme.

This share option scheme was approved by members in 1986, and has been approved by Her Majesty's Revenue and Customs (HMRC).

There are no performance criteria for the exercise of options under the Approved scheme, as this was set up before such requirements were considered to be necessary.

A summary of the shares allocated and options issued under the scheme up to 31 December 2014 is as follows:

	AT 1 JANUARY 2014	CHANGES DURING THE YEAR			AT 31 DECEMBER 2014
		OPTIONS EXERCISED	OPTIONS GRANTED	OPTIONS LAPSED	
Shares issued to date	2,367,604	–	–	–	2,367,604
Options granted which have not been exercised	–	–	20,000	(20,000)	–
Shares allocated over which options have not been granted	1,549,955	–	–	–	1,549,955
Total shares allocated for issue to employees under the scheme	3,917,559	–	20,000	(20,000)	3,917,559

Non-approved Executive Share Option Scheme (Unapproved scheme)

A share option scheme known as the "Non-approved Executive Share Option Scheme" which does not have HMRC approval was set up during 2000. At 31 December 2014 there were no options to subscribe for ordinary shares outstanding.

The exercise of options under the Unapproved scheme is subject to the satisfaction of objective performance conditions specified by the remuneration committee which confirms to institutional shareholder guidelines and best practice provisions.

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

25. SHARE CAPITAL continued

A summary of the shares allocated and options issued under the scheme up to 31 December 2014 is as follows:

	AT 1 JANUARY 2014	CHANGES DURING THE YEAR			AT 31 DECEMBER 2014
		OPTIONS EXERCISED	OPTIONS GRANTED	OPTIONS LAPSED	
Shares issued to date	450,000	–	–	–	450,000
Shares allocated over which options have not yet been granted	550,000	–	–	–	550,000
Total shares allocated for issue to employees under the scheme	1,000,000	–	–	–	1,000,000

THE BISICHI MINING PLC UNAPPROVED OPTION SCHEMES

Details of the share option schemes in Bisichi are as follows:

YEAR OF GRANT	SUBSCRIPTION PRICE PER SHARE	PERIOD WITHIN WHICH OPTIONS EXERCISABLE	NUMBER OF SHARE FOR WHICH OPTIONS OUTSTANDING AT 31 DECEMBER 2013	NUMBER OF SHARE OPTIONS ISSUED/EXERCISED/ (CANCELLED) DURING YEAR	NUMBER OF SHARE FOR WHICH OPTIONS OUTSTANDING AT 31 DECEMBER 2014
2004	149.0p	Sep 2007 – Sep 2014	80,000	(80,000)	–
2006	237.5p	Oct 2009 – Oct 2016	325,000	–	325,000
2010	202.5p	Aug 2013 – Aug 2020	80,000	–	80,000
2012	34.0p	Oct 2012 – Sep 2022	233,000	(40,000)	193,000

The exercise of options under the Unapproved Share Option Schemes, for certain option issues, is subject to the satisfaction of objective performance conditions specified by the remuneration committee, which will confirm to institutional shareholder guidelines and best practice provisions in force from time to time. The performance conditions for the 2010 scheme, agreed by members on 31 August 2010 respectively, requires growth in net assets over a three year period to exceed the growth of the retail prices index by a scale of percentages. There are no performance conditions attached to the other schemes.

	2014 NUMBER	2014 WEIGHTED AVERAGE EXERCISE PRICE	2013 NUMBER	2013 WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at 1 January	718,000	157.7p	718,000	157.7p
Cancelled during the year	(80,000)	(149.0p)	–	–
Exercised during the year	(40,000)	(34.0p)	–	–
Outstanding at 31 December	598,000	167.1p	718,000	157.7p
Exercisable at 31 December	598,000	167.1p	718,000	157.7p

26. NON-CONTROLLING INTEREST ("NCI")

	2014 £'000	2013 £'000
As at 1 January	10,001	10,488
Share of profit for the year	745	213
Share of gain on available for sale investments	24	–
Dividends received	(292)	(248)
Shares issued	313	86
Exchange adjustment	(76)	(538)
Other changes in equity	111	–
As at 31 December	10,826	10,001

The following subsidiaries had material NCI:

Bisichi Mining Plc
Black Wattle Colliery (Pty) Ltd

Summarised financial information for these subsidiaries is set out below. The information is before inter-company eliminations with other companies in the Group.

	2014 £'000	2013 £'000
BISICHI MINING PLC		
Revenue	26,500	35,105
Profit for the year attributable to owners of the parent	458	151
Profit for the year attributable to NCI	745	213
Profit for the year	1,203	364
Other comprehensive income attributable to owners of the parent	(67)	(320)
Other comprehensive income attributable to NCI	(13)	(538)
Other comprehensive income for the year	(80)	(858)
Balance sheet		
Non-current assets	21,924	23,221
Current assets	12,289	12,980
Total assets	34,213	36,201
Current liabilities	(7,148)	(16,124)
Non-current liabilities	(9,346)	(3,090)
Total liabilities	(16,494)	(19,214)
Net current assets at 31 December	17,719	16,987
Cash flows		
From operating activities	3,406	1,302
From investing activities	(1,903)	(3,162)
From financing activities	488	(455)
Net cash flows	1,991	(2,315)

The non-controlling interest comprises of a 37.5% shareholding in Black Wattle Colliery (Pty) Ltd, a coal mining company incorporated in South Africa.

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

26. NON-CONTROLLING INTEREST ("NCI") continued

Summarised financial information reflecting 100% of the underlying subsidiary's relevant figures, is set out below.

BLACK WATTLE COLLIERY (PTY) LIMITED ("BLACK WATTLE")	2014 £'000
Revenue	25,536
Expenses	(24,866)
Profit for the year	670
Other comprehensive income	–
Total comprehensive income for the year	670
Balance sheet	
Non-current assets	6,030
Current assets	8,054
Current liabilities	(9,125)
Non-current liabilities	(2,260)
Net assets at 31 December	2,699

The non-controlling interest relates to the disposal of a 37.5% shareholding in Black Wattle in 2010. The total issued share capital in Black Wattle was increased from 136 shares to 1,000 shares at par of ZAR1 (South African Rand) through the following shares issue:

- a subscription for 489 ordinary shares at par by Bisichi Mining (Exploration) Limited increasing the number of shares held from 136 ordinary shares to a total of 675 ordinary shares;
- a subscription for 110 ordinary shares at par by Vunani Mining (pty) Ltd;
- a subscription for 265 "A" shares at par by Vunani Mining (pty) Ltd

Bisichi Mining (Exploration) Limited is a wholly owned subsidiary of Bisichi Mining PLC incorporated in England and Wales.

Vunani Mining (pty) Ltd is a South African Black Economic Empowerment company and minority shareholder in Black Wattle.

The "A" shares rank pari passu with the ordinary shares save that they will have no dividend rights until such time as the dividends paid by Black Wattle on the ordinary shares subsequent to 30 October 2008 will equate to ZAR832,075,000.

A non-controlling interest of 15% in Black Wattle is recognised for all profits distributable to the 110 ordinary shares held by Vunani Mining (pty) Ltd from the date of issue of the shares (18 October 2010). An additional non-controlling interest will be recognised for all profits distributable to the 265 "A" shares held by Vunani Mining (pty) Ltd after such time as the profits available for distribution, in Black Wattle, before any payment of dividends after 30 October 2008, exceeds ZAR832,075,000.

27. RELATED PARTY TRANSACTIONS

	COST RECHARGED TO/(BY) RELATED PARTY £'000		AMOUNTS OWED (TO)/BY RELATED PARTY £'000	CASH ADVANCED TO/(BY) RELATED PARTY £'000
Related party:				
Langney Shopping Centre Unit Trust				
Current account	106	(i)	11	–
Loan account	–		335	(128)
Ezimbokodweni Mining (pty)Limited	92		1,040	
Simon Heller Charitable Trust				
Current account	(63)		–	–
Loan account	–		(700)	–
Directors and key management				
M A Heller and J A Heller	7	(i)	16	–
H D Goldring (Delmore Asset Management Limited)	(25)	(ii)	–	–
C A Parritt	(18)	(iii)	–	–
R Priest (Alvarez & Marsal Real Estate Advisory Services LLP)	(34)	(iii)	–	–
Totals at 31 December 2014	65		702	(128)
Totals at 31 December 2013	170		(2,628)	(468)

Nature of costs recharged – (i) Property management fees (ii) Portfolio management fees (iii) Consultancy fees.

27. RELATED PARTY TRANSACTIONS continued

LANGNEY SHOPPING CENTRE UNIT TRUST (JOINT VENTURE)

Langney Shopping Centre Unit Trust (Langney) is owned 12.5 per cent by the Company and 12.5 per cent by Bisichi Mining PLC. The remaining 75 per cent is owned by Columbus Capital Management LLP. At the year-end LAP and Bisichi each had a loan of £167,625 repayable, of which £104,125 each has been received since the year-end.

The Company provides property management services to Langney.

DIRECTORS

London & Associated Properties PLC provides office premises, property management, general management, accounting and administration services for a number of private property companies in which Sir Michael Heller and J A Heller have an interest. Under an agreement with Sir Michael Heller no charge is made for these services on the basis that he reduces by an equivalent amount the charge for his services to London & Associated Properties PLC. The board estimates that the value of these services, if supplied to a third party, would have been £300,000 for the year (2013: £300,000).

The companies for which services are provided are: Barmik Properties Limited, Cawgate Limited, Clerewell Limited, Cloathgate Limited, Ken-Crav Investments Limited, London & South Yorkshire Securities Limited, Metroc Limited, Penrith Retail Limited, Shop.com Limited, South Yorkshire Property Trust Limited, Wasdon Investments Limited, Wasdon (Dover) Limited, and Wasdon (Leeds) Limited.

In addition the Company received management fees of £10,000 (2013: £10,000) for work done for two charitable foundations, the Michael & Morven Heller Charitable Foundation and the Simon Heller Charitable Trust.

The Simon Heller Trust has placed on deposit with LAP £700,000 at an interest rate of 9% which is refundable on demand.

Delmore Asset Management Limited (Delmore) is a Company in which H D Goldring is a majority shareholder and director. Delmore provides consultancy services to the Company on an invoiced fee basis.

Alvarez & Marsal Real Estate Advisory Services LLP (A&M) is a company in which R Priest is a director. A&M provides consultancy services to the Company on an invoiced fee basis. During the year A&M were paid £180,000 for services provided.

J A Heller received a loan of £40,000, which has been repaid in the year.

In 2012 a loan was made by Bisichi to one of the Bisichi directors A R Heller. The loan amount outstanding at the year end was £101,000 (2013: £116,000) and a repayment of £15,000 (2013: £nil) was made during the year.

The directors are considered to be the only key management personnel and their remunerations including employers national insurance for the year were £1,521,000 (2013: £1,485,000). All other disclosures required including interest in share options in respect of those directors are included within the remuneration report.

28. EMPLOYEES

The average number of employees, including directors, of the Group during the year was as follows:

	2014 £'000	2013 £'000
Production	213	220
Administration	45	49
	258	269

	2014 £'000	2013 £'000
Staff costs during the year were as follows:		
Salaries and other costs	6,843	7,503
Social security costs	378	376
Pension costs	510	582
Share based payments	55	120
	7,786	8,581

29. CAPITAL COMMITMENTS

	2014 £'000	2013 £'000
Commitments for capital expenditure approved but not contracted for at the year end	389	402
Share of commitment of capital expenditure in joint venture	1,402	1,451

All the above relates to Bisichi Mining PLC.

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

30. OPERATING AND FINANCE LEASES

OPERATING LEASES ON LAND AND BUILDINGS

At 31 December 2014 the Group had commitments under non-cancellable operating leases on land and buildings expiring as follows:

	2014 £'000	2013 £'000
Within one year	–	324
In more than five years	240	–
	240	324

Operating lease payments represent rentals payable by the Group for its office premises.

The leases are for an average term of ten years and rentals are fixed for an average of five years.

PRESENT VALUE OF HEAD LEASES ON PROPERTIES

	MINIMUM LEASE PAYMENTS		PRESENT VALUE OF MINIMUM LEASE PAYMENTS	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Amounts payable under finance leases:				
Within one year	306	306	306	306
In the second to fifth years inclusive	1,226	1,226	1,139	1,139
After five years	30,456	30,770	3,343	3,348
	31,988	32,302	4,788	4,793
Future finance charges on finance leases	(27,200)	(27,509)	–	–
Present value of finance lease liabilities	4,788	4,793	4,788	4,793

Finance lease liabilities are in respect of leased investment property. Many leases provide for contingent rent in addition to the rents above, usually a proportion of rental income.

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

FUTURE AGGREGATE MINIMUM RENTALS RECEIVABLE

The Group leases out its investment properties to tenants under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2014 £'000	2013 £'000
Within one year	6,129	6,290
In the second to fifth years inclusive	19,479	21,886
After five years	35,141	40,322
	60,749	68,498

31. CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

There were no contingent liabilities at 31 December 2014 (2013: £Nil), except as disclosed in Note 22.

Since the year end the Group has repaid early £1.25 million of the £5 million debenture stock 2018, at an additional cost of £0.16 million.

Bank guarantees have been issued by the bankers of Black Wattle Colliery (Pty) Limited on behalf of the company to third parties. The guarantees are secured against the assets of the company and have been issued in respect of the following:

	2014 £'000	2013 £'000
Rail siding	158	62
Rehabilitation of mining land	1,114	1,153
Water & electricity	52	54

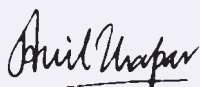
32. COMPANY FINANCIAL STATEMENTS
Company balance sheet at 31 December 2014

	NOTES	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	32.3	24,048	65,912
Other investments:			
Associated company – Bisichi Mining PLC	32.4	489	489
Subsidiaries and others including Dragon Retail Properties Limited	32.4	57,917	47,649
	32.4	58,406	48,138
		82,454	114,050
Current assets			
Debtors	32.5	6,491	15,436
Investments	32.6	21	23
Bank balances		3,793	4,969
		10,305	20,428
Creditors			
Amounts falling due within one year	32.7	(53,226)	(78,711)
Net current liabilities		(42,921)	(58,283)
Total assets less current liabilities		39,533	55,767
Creditors			
Amounts falling due after more than one year	32.8	(13,621)	(24,625)
Net assets		25,912	31,142
Capital and reserves			
Share capital	32.10	8,554	8,554
Share premium account	32.11	4,866	4,866
Capital redemption reserve	32.11	47	47
Revaluation reserve	32.11	3,212	2,151
Treasury shares	32.10	(883)	(1,159)
Retained earnings	32.11	10,116	16,683
Shareholders' funds		25,912	31,142

These financial statements were approved by the board of directors and authorised for issue on 21 May 2015 and signed on its behalf by:



Sir Michael Heller
Director



Anil Thapar
Director

Company Registration No. 341829

32.1. COMPANY

ACCOUNTING POLICIES

The following are the main accounting policies of the Company:

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention as modified to include the revaluation of freehold and leasehold properties and fair value adjustments in respect of current asset investments and interest rate hedges and in accordance with applicable accounting standards. All accounting policies applied are consistent with those of prior periods.

Investment properties are accounted for in accordance with SSAP 19, "Accounting for Investment Properties", which provides that these should not be subject to periodic depreciation charges, but should be shown at open market value. This is contrary to the Companies Act 2006 which states that, subject to any provision for depreciation or diminution in value, fixed assets are normally to be stated at purchase price or production cost. Current cost accounting or the revaluation of specific assets to market value, as determined at the date of their last valuation, is also permitted.

The treatment of investment properties under the Companies Act 2006 does not give a true and fair view as these assets are not held for consumption in the business but as investments, the disposal of which would not materially affect any manufacturing or trading activities of the enterprise. In such a case it is the current value of these investments, and changes in that current value, which are of prime importance. Consequently, for the proper appreciation of the financial position, the accounting treatment required by SSAP 19 is considered appropriate for investment properties. Details of the current value and historical cost information for investment properties are set out in Note 32.3. Depreciation or amortisation is only one of the many factors reflected in the annual revaluation and the amount that might otherwise have been shown cannot be separately identified or quantified.

The financial statements have been prepared on a going concern basis. Further details of which are contained in Group accounting policies on page 49 and in the Financial review and Directors' report.

REVENUE

Revenue comprises rental income, listed investment sales, dividends and other income. The profit or loss on disposal of properties is recognised on completion of sale.

DIVIDENDS RECEIVABLE

Dividends are credited to the profit and loss account when the dividend is received.

TANGIBLE FIXED ASSETS

a) Investment properties

An external professional valuation of investment properties is carried out every year. Properties professionally valued by Chartered Surveyors are on an existing use open market value basis, in accordance with the Practice Statements contained within the RICS valuation standards 2012 prepared by the Royal Institution of Chartered Surveyors. Directors' valuation of properties are at fair value.

The cost of improvements includes attributable interest.

b) Other tangible fixed assets

Other tangible fixed assets are stated at historical cost. Depreciation is provided on all other tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life. The rates generally used are – office equipment – 10 to 33 per cent per annum, and motor vehicles – 20 per cent per annum, on a straight line basis.

INVESTMENTS

Long term investments are described as participating interests and are classified as fixed assets. Short term investments are classified as current assets.

a) Investments held as fixed assets

These comprise investments in subsidiaries and investments in Dragon Retail Properties Limited and Langney Shopping Centre Unit Trust (unlisted joint ventures), Bisichi Mining PLC (listed associate) and in unlisted companies which are all held for the long term. Provision is made for any impairment in the value of fixed asset investments.

b) Investments held as current assets

Investments held for trading are included in current assets and are revalued to fair value. For listed investments, fair value is the bid market listed value at the balance sheet date. Realised and unrealised gains or losses arising from changes in fair value are included in the income statement of the period in which they arise.

FINANCIAL INSTRUMENTS

Bank loans and overdrafts

Bank loans and overdrafts are included in creditors on the Company balance sheet at the amounts drawn on the particular facilities. Interest payable on those facilities is expensed as a finance cost in the period to which it relates.

Interest rate derivatives

The Company uses derivative financial instruments to hedge the interest rate risk associated with the financing of the Company's business. No trading in such financial instruments is undertaken.

At previous reporting dates, these interest rate derivatives were recognised at their fair value, being the Net Present Value of the difference between the hedged rate of interest and the current market rate of interest assuming that this rate was applied for the remainder of the hedge. Where a derivative is designated as a hedge for the variability of a highly probable forecast transaction e.g. an interest payment, the element of the gain or loss on the derivative that is an effective hedge is recognised directly in equity. When the forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects the income statement e.g. when interest income or expense is recognised.

The gain or loss arising from any adjustment to the fair value is recognised in the income statement.

Debtors

Debtors do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Creditors

Creditors are not interest bearing and are stated at their nominal value.

Joint ventures

Investments in joint ventures, being those entities over whose activities the Group has joint control as established by contractual agreement, are included at cost.

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

32.1. COMPANY continued

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements. Deferred tax is measured at the average tax rates which are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS AND OBLIGATIONS

All leases are "Operating Leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term. Rent free periods or other incentives received for entering into a lease are accounted for over the period of the lease so as to spread the benefit received over the lease term.

32.3. TANGIBLE ASSETS

	INVESTMENT PROPERTIES				OFFICE EQUIPMENT AND MOTOR VEHICLES £'000
	TOTAL £'000	FREEHOLD £'000	LONG LEASEHOLD £'000	SHORT LEASEHOLD £'000	
Cost or valuation at 1 January 2014	66,779	48,759	16,675	275	1,070
Reclassification	–	–	(850)	850	–
Additions	698	662	–	–	36
Disposals	(42,009)	(41,350)	–	–	(659)
Decrease on revaluation	(1,151)	(126)	(1,025)	–	–
Cost or valuation at 31 December 2014	24,317	7,945	14,800	1,125	447
Representing assets stated at:					
Valuation	23,870	7,945	14,800	1,125	–
Cost	447	–	–	–	447
	24,317	7,945	14,800	1,125	447
Depreciation at 1 January 2014	867	–	–	–	867
Charge for the year	46	–	–	–	46
Disposals	(644)	–	–	–	(644)
Depreciation at 31 December 2014	269	–	–	–	269
Net book value at 1 January 2014	65,912	48,759	16,675	275	203
Net book value at 31 December 2014	24,048	7,945	14,800	1,125	178

The freehold and leasehold properties were valued as at 31 December 2014 by external professional firms of chartered surveyors. The valuations were made at fair value. The directors' property valuations were made at fair value.

	2014 £'000	2013 £'000
Allsop LLP	22,045	62,390
Woolhouse Real Estate	–	1,494
Directors' valuation	1,825	1,825
	23,870	65,709

RETIREMENT BENEFITS

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable for the year. Differences between contributions payable in the year and contributions actually paid are shown as either prepayments or accruals at the balance sheet date.

32.2. PROFIT FOR THE FINANCIAL YEAR

The Company's result for the year was a loss of £4,114,000 (2013 profit: £9,684,000). In accordance with the exemption conferred by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account.

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

32.3. TANGIBLE ASSETS continued

The historical cost of investment properties, including total capitalised interest of £Nil (2013: £1,161,000) was as follows:

	FREEHOLD £'000	LONG LEASEHOLD £'000	SHORT LEASEHOLD £'000
Cost at 1 January 2014	47,761	14,972	785
Reclassification	–	(1,154)	1,154
Additions	662	–	–
Disposals	(43,562)	–	–
Cost at 31 December 2014	4,861	13,818	1,939

Long leasehold properties are held on leases with an unexpired term of more than fifty years at the balance sheet date.

32.4. OTHER INVESTMENTS

COST	TOTAL £'000	SHARES IN SUBSIDIARY COMPANIES £'000	LOAN STOCK IN SUBSIDIARY COMPANIES £'000	SHARES IN JOINT VENTURES £'000	SHARES IN ASSOCIATE £'000
At 1 January 2014	48,138	42,863	3,658	1,128	489
Additions	15,000	15,000	–	–	–
Repayments	(3,658)	–	(3,658)	–	–
Impairment	(1,074)	(1,074)	–	–	–
At 31 December 2014	58,406	56,789	–	1,128	489

SUBSIDIARY COMPANIES

The Company owns 100 per cent of the ordinary share capital of the following companies that are trading, all of which are registered in England and Wales:

ENTITY	ACTIVITY	% HELD BY COMPANY	% HELD BY GROUP
LAP Ocean Holdings Limited	Property Investment	100	100
Brixton Village Limited	Property Investment	–	100
Market Row Limited	Property Investment	–	100
Analytical Properties Limited	Property Investment	–	100
Analytical Properties Holdings Limited	Property Investment	100	100
London & Associated Management Services Limited	Property Management Services	100	100
Newincco 1243 Limited	Property Investment	–	100
Newincco 1244 Limited	Property Investment	–	100
Newincco 1245 Limited	Property Investment	–	100
Newincco 1299 Limited	Property Investment	100	100
Newincco 1300 Limited	Property Investment	–	100

In the opinion of the Directors the value of the investment in subsidiaries is not less than the amount shown in these financial statements.

Details of the joint ventures are set out in Notes 12 and 13.

32.5. DEBTORS

	2014 £'000	2013 £'000
Trade debtors	384	893
Amounts due from subsidiary companies	390	8,949
Amounts due from associate and joint ventures	308	381
Deferred tax asset (note 32.9)	4,661	3,706
Other debtors	157	181
Prepayments and accrued income	591	1,326
	6,491	15,436

32.6. INVESTMENTS

	2014 £'000	2013 £'000
Market value of the listed investment portfolio	21	23
Unrealised deficit of market value over cost	(2)	–
Listed investment portfolio at cost	23	23

All investments are listed on the London Stock Exchange.

32.7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Bank overdrafts (unsecured)	–	1,490
Bank loans (secured)*	–	44,170
Bank loans (unsecured)	201	258
Debenture stocks £5 million First Mortgage Debenture Stock 2018 at 11.6 per cent	1,250	–
Amounts owed to subsidiary companies	44,947	22,982
Amounts owed to joint ventures	2,406	3,300
Other taxation and social security costs	536	635
Other creditors	1,630	1,408
Accruals and deferred income	2,256	4,468
	53,226	78,711

*The bank loans are shown after deduction of un-amortised issue costs.

32.8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014 £'000	2013 £'000
Interest rate derivatives	–	9,569
Term Debenture stocks:		
£5 million First Mortgage Debenture Stock 2018 at 11.6 per cent	3,750	5,000
£10 million First Mortgage Debenture Stock 2022 at 8.109 per cent*	9,871	9,855
	13,621	14,855
Bank loans:		
Repayable after more than one year	–	201
	13,621	24,625

*The £10 million debenture is shown after deduction of un-amortised issue costs.

Details of terms and security of overdrafts, loans and loan renewal and debentures are set out in note 20.

Repayment of borrowings:		
Bank loans and overdrafts:		
Repayable within one year	201	45,918
Repayable between two and three years	–	201
	201	46,119
Debentures:		
Repayable within one year	1,250	–
Repayable between two and five years	3,750	5,000
Repayable in more than five years	9,871	9,855
	15,072	60,974

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

32.8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR continued

HEDGE PROFILE

At 31 December 2013 the Company had hedges totalling £50.4 million to cover the £44.2 million bank loan facility. These consisted of a 20 year swap for £10.4 million with a 7 year call option in favour of the bank, taken out in November 2007, at 4.76 per cent; and a 20 year swap for £40 million with a 7 year call option in favour of the bank, taken out in December 2007, at 4.685 per cent.

The Board has decided to terminate all the long dated derivatives rather than hold them to maturity. During the year all the above hedges were cancelled and the bank loans repaid in full.

Under FRS 29 the hedges are not deemed to be eligible for hedge accounting and any movement in the value of the hedges is therefore charged directly to the profit and loss account. This results in a total cost of £10,686,000 against a provision of £9,569,000 at 31 December 2013. The amount of hedge break cost recognised in the profit and loss was a loss of £1,117,000.

FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value estimation

The Company has adopted the amendment to FRS29 for financial instruments that are measured in the balance sheet at fair value. This requires the methods of fair value measurement to be classified into a hierarchy based on the reliability of the information used to determine the valuation, as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs) (level 3).

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000	2014 LOSS TO PROFIT AND LOSS ACCOUNT £'000
Financial assets					
Other financial assets held for trading					
Quoted equities	21	–	–	21	(2)
Financial liabilities					
Derivative financial instruments					
Interest rate swaps	–	–	–	–	–

	LEVEL 1 £'000	LEVEL 2 £'000	LEVEL 3 £'000	TOTAL £'000	2013 GAIN TO PROFIT AND LOSS ACCOUNT £'000
Financial assets					
Other financial assets held for trading					
Quoted equities	23	–	–	23	3
Financial liabilities					
Derivative financial instruments					
Interest rate swaps	–	9,569	–	9,569	4,419

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

32.8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR continued

LIQUIDITY

The table below analyses the Company's financial liabilities into maturity groupings and also provides details of the liabilities that bear interest at fixed, floating and non-interest bearing rates.

	LESS THAN 1 YEAR £'000	2-5 YEARS £'000	OVER 5 YEARS £'000	2014 TOTAL £'000
Debentures (fixed)	1,250	3,750	10,000	15,000
Bank loans (floating)	201	–	–	201
Trade and other payables (non-interest)	51,775	–	–	51,775
	53,226	3,750	10,000	66,976

	LESS THAN 1 YEAR £'000	2-5 YEARS £'000	OVER 5 YEARS £'000	2013 TOTAL £'000
Bank overdrafts (floating)	1,490	–	–	1,490
Debentures (fixed)	–	5,000	10,000	15,000
Bank loans (floating)*	44,451	201	–	44,652
Trade and other payables (non-interest)	32,793	–	–	32,793
	78,734	5,201	10,000	93,935

The Company would normally expect that sufficient cash is generated in the operating cycle to meet the contractual cash flows as disclosed above through effective cash management.

*The bank loans are fully hedged with appropriate interest derivatives. Details of the hedges are shown above.

TOTAL FINANCIAL ASSETS AND LIABILITIES

The Company's financial assets and liabilities and their fair values are as follows:

	FAIR VALUE £'000	2014 CARRYING VALUE £'000	FAIR VALUE £'000	2013 CARRYING VALUE £'000
Cash and cash equivalents	3,793	3,793	4,969	4,969
Investments	21	21	23	23
Other assets	6,491	6,491	15,436	15,436
Bank overdrafts	–	–	(1,490)	(1,490)
Bank loans	(201)	(201)	(44,451)	(44,428)
Derivative liabilities	–	–	(9,569)	(9,569)
Other liabilities	(51,775)	(51,775)	(32,793)	(32,793)
Total financial liabilities before debentures	(41,671)	(41,671)	(67,875)	(67,852)

Additional details of borrowings and financial instruments are set out in Notes 20 and 22.

32.9. PROVISIONS FOR LIABILITIES AND CHARGES

	2014 £'000	2013 £'000
Deferred Taxation		
Balance at 1 January	(3,706)	(4,644)
Transfer to profit and loss account	(955)	938
Balance at 31 December	(4,661)	(3,706)

No provision has been made for the approximate taxation liability at 20 per cent (2013: 20 per cent) of £38,000 (2013: £101,000) which would arise if the investment properties were sold at the stated valuation.

The deferred tax balance comprises the following:

	2014	2013
Accelerated capital allowances	955	934
Fair value of interest derivatives	–	(1,914)
Short-term timing differences	146	146
Losses	(5,762)	(2,872)
Provision at end of period	(4,661)	(3,706)

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS continued

32.10. SHARE CAPITAL

Details of share capital, treasury shares and share options are set out in Note 25.

32.11. RESERVES

	SHARE PREMIUM ACCOUNT £'000	CAPITAL REDEMPTION RESERVE £'000	REVALUATION RESERVE £'000	RETAINED EARNINGS £'000	TOTAL £'000
Balance at 1 January 2014	4,866	47	2,151	16,683	23,747
Decrease on valuation of investment properties	–	–	(1,151)	–	(1,151)
Retained loss for year	–	–	–	(4,114)	(4,114)
Dividends paid in year	–	–	–	(106)	(106)
Loss on disposal of Treasury Shares	–	–	–	(135)	(135)
Transfer of realised revaluation loss	–	–	2,212	(2,212)	–
Balance at 31 December 2014	4,866	47	3,212	10,116	18,241

32.12. RELATED PARTY TRANSACTIONS

Details of related party transactions are given in Note 27.

As provided under Financial Reporting Standard 8: Related Party Disclosures, the Company has taken advantage of the exemption from disclosing transactions with other Group companies.

32.13. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 2014 (2013: £Nil).

32.14. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2014 the Company had annual commitments under non-cancellable operating leases on land and buildings as follows:

	2014 £'000	2013 £'000
Expiring in less than one year	–	324
Expiring in more than five years	240	–
	240	324

In addition, the Company has an annual commitment to pay ground rents on its leasehold investment properties which amount to £299,000 (2013: £327,000).

32.15. CONTINGENT LIABILITIES AND POST BALANCE SHEET EVENTS

There were no contingent liabilities at 31 December 2014 (2013: £Nil), except as disclosed in Note 32.8.

Since the year end the Company has repaid early £1.25 million of the £5 million debenture stock 2018, at an additional cost of £0.16 million.

FIVE YEAR FINANCIAL SUMMARY

	2014 £M	2013 £M	2012* £M	2011* £M	2010* £M
Portfolio size					
Investment properties–LAP^	89	87	205	194	195
Investment properties–joint ventures	25	16	27	29	13
Investment properties–Dragon Retail Properties	3	3	–	–	–
Investment properties–Bisichi Mining^	12	12	12	12	12
	129	118	244	235	220
Portfolio activity	£m	£m	£m	£m	£m
Acquisitions	0.68	–	–	–	–
Disposals	–	(9.47)	–	(0.60)	(20.74)
Capital Expenditure	–	–	0.97	0.42	0.49
	0.68	(9.47)	0.97	(0.18)	(20.25)
Consolidated income statement	£m	£m	£m	£m	£m
Group income	33.53	43.29	15.17	16.38	15.98
Profit/(loss) before tax	(2.69)	1.14	7.62	(18.56)	(10.69)
Taxation	(3.70)	2.55	(0.35)	3.74	7.19
Loss/profit attributable to shareholders	(7.14)	3.47	7.27	(14.82)	(3.50)
Earnings/(loss) per share – basic	(8.45)p	4.12p	8.65p	(17.63)p	(4.24)p
Earnings/(loss) per share – fully diluted	(8.45)p	4.12p	8.65p	(17.63)p	(4.24)p
Dividend per share	0.156	0.125p	–	0.75p	1.15p
Consolidated balance sheet	£m	£m	£m	£m	£m
Shareholders' funds attributable to equity shareholders	42.55	49.73	46.46	39.93	55.76
Net borrowings	59.71	53.96	131.27	133.03	130.77
Net assets per share – basic	50.35	59.00p	55.30p	47.53p	66.71p
– fully diluted	50.35	59.00p	55.29p	45.53p	66.69p
Consolidated cash flow statement	£m	£m	£m	£m	£m
Cash generated from operations	2.96	12.23	12.72	10.89	9.58
Capital investment and financial investment	100.42	4.35	(0.87)	(0.50)	20.42

Notes:

* Original LAP group – pre IFRS 10 amendments

^ Excluding the present value of head leases



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