

Company Registration No. 1321490 (England and Wales)

LONDON & SURREY PROPERTY HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017



LONDON & SURREY PROPERTY HOLDINGS LIMITED

COMPANY INFORMATION

Directors	AA Khan A C Smith D Kennedy B Green A Pickering	(Appointed 6 October 2016)
Secretary	AA Khan	
Company number	1321490	
Registered office	Parkway House Sheen Lane London SW14 8LS	
Auditor	Clear & Lane Limited 340 Melton Road Leicester LE4 7SL	
Business address	Parkway House Sheen Lane London SW14 8LS	
Bankers	Handelsbanken Richmond Branch 31 The Green Richmond Surrey TW9 1LX	

LONDON & SURREY PROPERTY HOLDINGS LIMITED

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LONDON & SURREY PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The principal activity of the company continued to be that of property investment.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

AA Khan

A C Smith

D Kennedy

B Green

A Pickering

P C Schorb

(Appointed 6 October 2016)

(Resigned 30 September 2016)

Results and dividends

The results for the year are set out on page 5.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

Clear & Lane Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

LONDON & SURREY PROPERTY HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



A C Smith

Director

11/07/2017

LONDON & SURREY PROPERTY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LONDON & SURREY PROPERTY HOLDINGS LIMITED

We have audited the financial statements of London & Surrey Property Holdings Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Directors' Report has been prepared in accordance with applicable legal requirements.

LONDON & SURREY PROPERTY HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF LONDON & SURREY PROPERTY HOLDINGS LIMITED

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the company is entitled to claim exemption in preparing a strategic report due to it being a member of an ineligible group.

Clear & Lane Limited

Richard Lodder (Senior Statutory Auditor)
for and on behalf of Clear & Lane Limited
Chartered Accountants
Statutory Auditor

340 Melton Road
Leicester
LE4 7SL

19th July 2017

LONDON & SURREY PROPERTY HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
	Notes	£	as restated £
Turnover	3	2,410,120	2,211,339
Distribution costs		(727,409)	(693,364)
Administrative expenses		(183,374)	(704,060)
Operating profit	4	1,499,337	813,915
Interest receivable and similar income	7	57,291	104,415
Interest payable and similar expenses	8	(226,756)	(240,672)
Fair value gains and losses on investment properties		4,176,414	-
Profit before taxation		5,506,286	677,658
Taxation	9	6,852	(279,030)
Profit for the financial year		5,513,138	398,628

The profit and loss account has been prepared on the basis that all operations are continuing operations.

LONDON & SURREY PROPERTY HOLDINGS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017		2016 as restated	
		£	£	£	£
Fixed assets					
Tangible assets	11		2,500		3,750
Investment properties	12		45,823,392		42,361,978
Investments	13		3,608,839		3,608,839
			<u>49,434,731</u>		<u>45,974,567</u>
Current assets					
Debtors	15	3,912,904		3,633,767	
Cash at bank and in hand		314,687		161,925	
			<u>4,227,591</u>		<u>3,795,692</u>
Creditors: amounts falling due within one year	16		<u>(5,079,476)</u>		<u>(6,700,551)</u>
Net current liabilities			<u>(851,885)</u>		<u>(2,904,859)</u>
Total assets less current liabilities			<u>48,582,846</u>		<u>43,069,708</u>
Creditors: amounts falling due after more than one year	17		<u>(2,500,000)</u>		<u>(2,500,000)</u>
Net assets			<u><u>46,082,846</u></u>		<u><u>40,569,708</u></u>
Capital and reserves					
Called up share capital	20		361		361
Share premium account			1,637,414		1,637,414
Fair value reserve			32,075,999		-
Capital redemption reserve			18		18
Profit and loss reserves			12,369,054		38,931,915
Total equity			<u><u>46,082,846</u></u>		<u><u>40,569,708</u></u>

The financial statements were approved by the board of directors and authorised for issue on 11/07/2017 and are signed on its behalf by:

.....
A Pickering
Director

Company Registration No. 1321490

LONDON & SURREY PROPERTY HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Share capital £	Share premium account £	Capital redemption reserve £	Fair value reserve £	Profit and loss reserves £	Total £
As restated for the period ended 31 March 2016:							
Balance at 1 April 2015		379	1,637,414	-	-	43,096,137	44,733,930
Prior year adjustment	25	-	-	-	-	(1,140,000)	(1,140,000)
As restated		379	1,637,414	-	-	41,956,137	43,593,930
Year ended 31 March 2016:							
Profit and total comprehensive income for the year		-	-	-	-	398,628	398,628
Dividends	10	-	-	-	-	(1,799,999)	(1,799,999)
Own shares acquired		-	-	-	-	(1,622,851)	(1,622,851)
Redemption of shares	20	-	-	18	-	-	18
Reduction of shares	20	(18)	-	-	-	-	(18)
Balance at 31 March 2016		361	1,637,414	18	-	38,931,915	40,569,708
Year ended 31 March 2017:							
Profit and total comprehensive income for the year		-	-	-	-	5,513,138	5,513,138
Transfer of opening movement in the fair value of investment properties		-	-	-	28,331,048	(28,331,048)	-
Transfer current year movement in the fair value of investment properties		-	-	-	4,176,414	(4,176,414)	-
Realised fair value gains		-	-	-	(431,463)	431,463	-
Balance at 31 March 2017		361	1,637,414	18	32,075,999	12,369,054	46,082,846

The fair value reserve relates to the movement in the fair value of investment properties.

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

London & Surrey Property Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Parkway House, Sheen Lane, London, SW14 8LS.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position'- Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' - Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' - Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and average weighted exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' - Compensation for key management personnel.

The financial statements of the company will be consolidated in the financial statements of Glenstone Property PLC. These consolidated financial statements will be available from its registered office, Parkway House, Sheen Lane, East Sheen, London SW14 8LS.

The company has taken advantage of the exemption under section 400 of the companies act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

London & Surrey Property Holdings Limited is a wholly owned subsidiary of Glenstone Property PLC and the results of London & Surrey Property Holdings Limited will be included in the consolidated financial statements of Glenstone Property PLC which will be available from its registered office, Parkway House, Sheen Lane, East Sheen, London, SW14 8LS.

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.2 Going concern

As at 31 March 2017, the company had net current liabilities of £851,885. The directors have obtained confirmation from Glenstone Property PLC, the ultimate parent company, that it will continue to provide ongoing financial support to enable the company to continue in business and meet its liabilities as they fall due for the foreseeable future. In particular it has been confirmed that the group creditor included in liabilities within one year of £1,145,613 will not be called for payment until cashflow allows. On this basis, the directors consider it appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Revenue from lease extensions is recognised on completion of contracts.

Other income is recognised when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Tangible fixed assets

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

Tangible fixed assets are stated at cost less depreciation, depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% Straight line
Fixtures and fittings	25% Straight line
Motor vehicles	25% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured using the fair value model and stated at its fair value as the reporting end date. The current period surplus or deficit on revaluation is recognised in the profit and loss account. Subsequently movements on revaluations are transferred from the profit and loss reserve to the fair value reserve.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

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

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

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

Current tax

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

Deferred tax

Deferred tax is recognised in respect of material timing differences between the incidence of income and expenditure for taxation and account purposes, using a full provision basis. Deferred tax is measured on a non-discounted basis at the tax rates expected to apply in the periods in which timing differences reverse, based on tax rates or laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are only recognised when they arise from timing differences where their recoverability is regarded as more likely than not.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Judgements and key sources of estimation uncertainty

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

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

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

2 Judgements and key sources of estimation uncertainty

(Continued)

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Fair value of investment properties

The annual revaluation of Investment properties is sensitive to the changes in the rental market and the economic climate of the surrounding area. The properties are revalued at fair value by independent external valuers, Jones Lang LaSalle Ltd and the directors each year at the balance sheet date.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017 £	2016 £
Turnover		
Rental income	2,259,683	2,150,336
Fees receivable	51,674	4,003
Lease surrenders	98,763	57,000
	<u>2,410,120</u>	<u>2,211,339</u>
Other significant revenue		
Interest income	57,291	7
Dividends received	-	104,408
	<u>-</u>	<u>104,408</u>

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's financial statements	14,000	8,500
Depreciation of owned tangible fixed assets	1,250	1,250
(Profit)/loss on disposal of investment property	(234,266)	41,302
	<u>-</u>	<u>41,302</u>

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Directors	-	2
Administrative staff	7	6
	<u>7</u>	<u>8</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	219,866	179,061
Social security costs	14,240	17,486
	<u>234,106</u>	<u>196,547</u>

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	-	43,258

7 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	-	7
Other interest income	57,291	-
Total interest revenue	<u>57,291</u>	<u>7</u>
Other income from investments		
Dividends received	-	104,408
Total income	<u>57,291</u>	<u>104,415</u>

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

8 Interest payable and similar expenses

	2017	2016
	£	£
Interest on bank overdrafts and loans	217,356	240,672
Other interest	9,400	-
	<u>226,756</u>	<u>240,672</u>

9 Taxation

	2017	2016
	£	£
Current tax		
UK corporation tax on profits for the current period	11,193	283,668
Adjustments in respect of prior periods	(18,045)	(4,638)
Total current tax	<u>(6,852)</u>	<u>279,030</u>

The actual (credit)/charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
Profit before taxation	<u>5,506,286</u>	<u>677,658</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	1,101,257	135,532
Tax effect of expenses that are not deductible in determining taxable profit	-	42,507
Gains not taxable	-	(3,140)
Adjustments in respect of prior years	(18,045)	(4,638)
Permanent capital allowances in excess of depreciation	-	(47)
Effect of revaluations of investments	(835,283)	-
Other permanent differences	-	7,526
Dividend income	-	(20,877)
Wear & tear allowances	-	(19,441)
Capital gains on sale of properties	-	141,608
REIT exempt income and gains	(254,781)	-
Taxation for the year	<u>(6,852)</u>	<u>279,030</u>

The company obtained Real Estate Investment Trust status on 1 February 2016 and accordingly its profits are not subject to corporation tax with effect from that date.

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

10 Dividends

	2017 £	2016 £
Final paid	-	1,799,999

11 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2016	500,000	28,941	5,000	533,941
Disposals	(500,000)	-	-	(500,000)
At 31 March 2017	-	28,941	5,000	33,941
Depreciation and impairment				
At 1 April 2016	500,000	28,941	1,250	530,191
Depreciation charged in the year	-	-	1,250	1,250
Eliminated in respect of disposals	(500,000)	-	-	(500,000)
At 31 March 2017	-	28,941	2,500	31,441
Carrying amount				
At 31 March 2017	-	-	2,500	2,500
At 31 March 2016	-	-	3,750	3,750

12 Investment property

	2017 £
Fair value	
At 1 April 2016	42,361,978
Disposals	(715,000)
Fair value gains	4,176,414
At 31 March 2017	45,823,392

Investment property comprises freehold and long leasehold property. The fair value of the investment property has been arrived at on the basis of valuations carried out at 31 March 2017 by Jones Lang LaSalle Ltd, independent chartered surveyors and the directors. The valuation was made on an open market value basis by reference to existing use.

Certain of the company's investment properties with a value totalling £23,255,000 (2016: £21,935,000) have been pledged to secure borrowings of the company and the parent company.

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

12 Investment property

(Continued)

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	2017 £	2016 £
Cost	13,747,392	14,030,928
Accumulated depreciation	-	-
Carrying amount	<u>13,747,392</u>	<u>14,030,928</u>

	2017 £	2016 £
Freehold	41,001,492	38,065,927
Long leasehold	4,821,900	4,296,051
	<u>45,823,392</u>	<u>42,361,978</u>

13 Fixed asset investments

	Notes	2017 £	2016 £
Investments in subsidiaries	14	3,407,839	3,407,839
Unlisted investments		201,000	201,000
		<u>3,608,839</u>	<u>3,608,839</u>

Movements in fixed asset investments

	Shares in group undertakings £	Other investments other than loans £	Total £
Cost or valuation			
At 1 April 2016 & 31 March 2017	3,407,839	201,000	3,608,839
Carrying amount			
At 31 March 2017	<u>3,407,839</u>	<u>201,000</u>	<u>3,608,839</u>
At 31 March 2016	<u>3,407,839</u>	<u>201,000</u>	<u>3,608,839</u>

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Innbrighton Limited	England and Wales	Property investment	Ordinary	100.00	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	£	£
Innbrighton Limited	619,104	3,959,543

15 Debtors

	2017	2016
Amounts falling due within one year:	£	£
Trade debtors	338,410	530,385
Amount due from parent undertaking	975,823	-
Amounts due from subsidiary undertakings	772,500	1,122,500
Amounts due from fellow group undertakings	1,674,524	1,974,524
Prepayments and accrued income	151,647	6,358
	<u>3,912,904</u>	<u>3,633,767</u>

16 Creditors: amounts falling due within one year

	Notes	2017	2016
		£	£
Bank loans and overdrafts	18	3,592,500	4,944,696
Trade creditors		32,480	26,412
Amounts due to group undertakings		1,145,613	1,217,113
Corporation tax		11,193	283,668
Other taxation and social security		4,374	5,265
Other creditors		20,455	24,105
Accruals and deferred income		272,861	199,292
		<u>5,079,476</u>	<u>6,700,551</u>

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

17 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	18	2,500,000	2,500,000

18 Loans and overdrafts

	2017 £	2016 £
Bank loans	6,092,500	6,092,500
Bank overdrafts	-	1,352,196
	<u>6,092,500</u>	<u>7,444,696</u>
Payable within one year	3,592,500	4,944,696
Payable after one year	2,500,000	2,500,000

Bank loans are secured by fixed charges over certain of the company's investment properties and a debenture over all of the company's assets and undertaking.

The bank loans are interest only and repayable in full on the maturity dates. Interest is payable at 2.5% over LIBOR.

19 Deferred taxation

At the date of transition to FRS 102 on 1 April 2014 the directors did not consider a deferred tax provision in relation to the fair value adjustment to investment property. The balance as at 1 April 2015 would have fully reversed on 1 February 2016 as the company entered the REIT of Glenstone Property Plc, its parent, and therefore has no liability to corporation tax on such gains from that date.

20 Share capital

	2017 £	2016 £
Ordinary share capital Issued and fully paid		
361 Ordinary shares of £1 each	361	361

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

21 Operating lease commitments

Lessor

The operating leases represent leased investment properties to third parties. The leases are negotiated over terms on average of 1 to 150 years. All leases include a provision for periodic upward rent reviews according to the lease terms. There are no options in place for either party to extend the lease terms.

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

21 Operating lease commitments

(Continued)

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2017 £	2016 £
Within one year	1,496,615	1,178,133
Between two and five years	3,439,933	1,929,313
In over five years	22,629,065	19,561,127
	<u>27,565,613</u>	<u>22,668,573</u>

22 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Interest received		Purchase of goods	
	2017 £	2016 £	2017 £	2016 £
Entities over which the entity has control, joint control or significant influence	57,291	-	-	-
	<u>57,291</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Management fees		Accountancy fees	
	2017 £	2016 £	2017 £	2016 £
Key management personnel	-	-	-	25,243
Other related parties	-	24,000	-	-
	<u>-</u>	<u>24,000</u>	<u>-</u>	<u>-</u>

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties 2017		Amounts owed by related parties 2016	
	Balance £	Net £	Balance £	Net £
Entities over which the entity has control, joint control or significant influence	1,731,815	1,731,815	1,874,524	1,874,524
	<u>1,731,815</u>	<u>1,731,815</u>	<u>1,874,524</u>	<u>1,874,524</u>

Investment properties to the value of £14,040,000 have been supplied as security to the mother of a director, in respect of a loan she has made to the parent company.

LONDON & SURREY PROPERTY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

23 Directors' transactions

Dividends totalling £0 (2016 - £873,878) were paid in the year in respect of shares held by the company's directors.

24 Controlling party

The immediate and ultimate parent company and controlling party is Glenstone Property PLC.

The smallest and largest group into which the company is consolidated is Glenstone Property PLC.

25 Prior period adjustment

The directors have identified that the carrying value of investment properties at 1 April 2016 was overstated by £1,140,000.

Changes to the balance sheet

	At 31 March 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Fixed assets			
Investment properties	43,501,978	(1,140,000)	42,361,978
	<u> </u>	<u> </u>	<u> </u>
Capital and reserves			
Profit and loss	40,071,915	(1,140,000)	38,931,915
	<u> </u>	<u> </u>	<u> </u>

Changes to the profit and loss account

	Period ended 31 March 2016		
	As previously reported	Adjustment	As restated
	£	£	£
Profit for the financial period	398,628	-	398,628
	<u> </u>	<u> </u>	<u> </u>