REGISTERED NUMBER: 01321490 (England and Wales)

DIRECTORS' REPORT AND

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

FOR

LONDON & SURREY PROPERTY HOLDINGS LIMITED

Magma Audit LLP
Chartered Accountants
Statutory Auditor
340 Melton Road
Leicester
LE4 7SL

LONDON & SURREY PROPERTY HOLDINGS LIMITED (REGISTERED NUMBER: 01321490)

CONTENTS OF THE FINANCIAL STATEMENTS
for the year ended 31 March 2018

COMPANY INFORMATION
for the year ended 31 March 2018

DIRECTORS:	B P Green D J Kennedy A J Pickering A C Smith
REGISTERED OFFICE:	Parkway House Sheen Lane London SW14 8LS
REGISTERED NUMBER:	01321490 (England and Wales)
AUDITORS:	Magma Audit LLP Chartered Accountants Statutory Auditor 340 Melton Road Leicester LE4 7SL
BANKER:	Handelsbanken Richmond Branch 31 The Green Richmond Surrey TW9 1LX

DIRECTORS' REPORT
for the year ended 31 March 2018

The directors present their report with the financial statements of the company for the year ended 31 March 2018.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of property investment.

DIVIDENDS
Interim dividends of £8,000,000 were paid in the year.

The directors do not recommend a final dividend.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

B P Green
D J Kennedy
A J Pickering
A C Smith

Other changes in directors holding office are as follows:

A A Khan - resigned 12 September 2017

DIRECTORS' RESPONSIBILITIES STATEMENT
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A C Smith - Director

20 June 2018

Opinion

We have audited the financial statements of London & Surrey Property Holdings Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 a Report of the Auditors 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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' Report, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters 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 directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Richard Lodder (Senior Statutory Auditor)
for and on behalf of Magma Audit LLP
Chartered Accountants
Statutory Auditor
340 Melton Road
Leicester
LE4 7SL

26 June 2018

LONDON & SURREY PROPERTY HOLDINGS
LIMITED (REGISTERED NUMBER: 01321490)

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2018

	Notes	2018 £	2017 £
TURNOVER	3	**2,208,912**	2,410,120
Distribution costs		**(703,268)**	(727,409)
Administrative expenses		**333,919**	(183,374)
OPERATING PROFIT	5	**1,839,563**	1,499,337
Interest receivable and similar income	6	**71,457**	57,291
		1,911,020	1,556,628
Fair value gains and losses on investment properties		**(242,867)**	4,176,414
		1,668,153	5,733,042
Interest payable and similar expenses	7	**(255,174)**	(226,756)
PROFIT BEFORE TAXATION		**1,412,979**	5,506,286
Tax on profit	8	**(17,931)**	6,852
PROFIT FOR THE FINANCIAL YEAR		**1,395,048**	5,513,138
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,395,048**	5,513,138

The notes form part of these financial statements

LONDON & SURREY PROPERTY HOLDINGS LIMITED (REGISTERED NUMBER: 01321490)

BALANCE SHEET
31 March 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	10	-	2,500
Investments	11	**3,608,839**	3,608,839
Investment property	12	**40,820,378**	45,823,392
		44,429,217	49,434,731
CURRENT ASSETS			
Debtors	13	**3,218,016**	3,912,904
Cash at bank and in hand		**2,106,299**	314,687
		5,324,315	4,227,591
CREDITORS			
Amounts falling due within one year	14	**(2,775,638)**	(5,079,476)
NET CURRENT ASSETS/(LIABILITIES)		**2,548,677**	(851,885)
TOTAL ASSETS LESS CURRENT LIABILITIES		**46,977,894**	48,582,846
CREDITORS			
Amounts falling due after more than one year	15	**(7,500,000)**	(2,500,000)
NET ASSETS		**39,477,894**	46,082,846
CAPITAL AND RESERVES			
Called up share capital	18	**361**	361
Share premium		**1,637,414**	1,637,414
Capital redemption reserve		**18**	18
Fair value reserve		**28,129,902**	32,075,999
Profit and loss reserve		**9,710,199**	12,369,054
SHAREHOLDERS' FUNDS		**39,477,894**	46,082,846

The financial statements were approved by the Board of Directors on 20 June 2018 and were signed on its behalf by:

A J Pickering - Director

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2018

	Called up share capital £	Profit and loss reserve £	Share premium £
Balance at 1 April 2016	361	38,931,915	1,637,414
Changes in equity			
Total comprehensive income	-	5,513,138	-
Transfer of opening movement in fair value of investment properties	-	(28,331,048)	-
Transfer current year movement in fair value of investment properties	-	(4,176,414)	-
Transfer of realised fair value gains	-	431,463	-
Balance at 31 March 2017	361	12,369,054	1,637,414
Changes in equity			
Dividends	-	(8,000,000)	-
Total comprehensive income	-	1,395,048	-
Transfer current year movement in fair value of investment properties	-	242,867	-
Transfer of realised fair value gains	-	3,703,230	-
Balance at 31 March 2018	361	9,710,199	1,637,414

The notes form part of these financial statements

continued...

STATEMENT OF CHANGES IN EQUITY - continued
for the year ended 31 March 2018

	Capital redemption reserve £	Fair value reserve £	Total equity £
Balance at 1 April 2016	18	-	40,569,708
Changes in equity			
Total comprehensive income	-	-	5,513,138
Transfer of opening movement in fair value of investment properties	-	28,331,048	-
Transfer current year movement in fair value of investment properties	-	4,176,414	-
Transfer of realised fair value gains	-	(431,463)	-
Balance at 31 March 2017	18	32,075,999	46,082,846
Changes in equity			
Dividends	-	-	(8,000,000)
Total comprehensive income	-	-	1,395,048
Transfer current year movement in fair value of investment properties	-	(242,867)	-
Transfer of realised fair value gains	-	(3,703,230)	-
Balance at 31 March 2018	18	28,129,902	39,477,894

The notes form part of these financial statements

1. STATUTORY 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.

2. ACCOUNTING POLICIES

General information
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 have been prepared under the historical cost convention, modified to include the valuation of freehold properties and to include investment properties and certain financial instruments at fair value.

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 £.

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.

Summary of significant accounting policies
The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of preparing the financial statements
The preparation of the company's financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The significant assumptions and estimates to the financial statements are disclosed within the notes to the accounts.

The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cashflow, on the basis that it is qualifying entity and the consolidated statement of cashflow, included in these financial statements, includes the Company's cash flows;
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Turnover
The company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Company's sales channels have been met, as described below.

Turnover represents rents receivable from investment properties, service charges, management charges and lease surrenders.

This turnover is recognised as it falls due, in accordance with the lease to which it relates. Any lease incentives are spread evenly across the period of the lease.

continued...

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets
Fixture and fittings and motor vehicles are shown at historical cost less depreciation and provision for impairment. Historic cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight line basis at rates appropriate to write off individual assets over their estimated useful lives of four years.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each Balance Sheet date. An asset is written down if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the profit and loss account.

Investment properties
Investment property comprises freehold and long leasehold buildings. These comprise mainly retail units, offices, residential properties and industrial units which are measured initially at cost, including related transaction costs. These are held as investments to earn rental income and for capital appreciation and are stated at fair value at the Balance Sheet date.

After initial recognition investment property is carried at fair value, based on market values; it is then determined annually by independent external valuers. When an existing investment property is redeveloped for continued future use as an investment property, it remains an investment property whilst in development.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

Subsequent expenditure is added to the assets carrying amount only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit and loss account during the financial period in which they are incurred.

Any movement in the fair value of the properties is reflected within the profit and loss account for the year.

The gain or loss arising on the disposal of investment properties is determined as the difference between the net sales proceeds and the carrying value of the asset at the beginning of the period and is recognised in the profit and loss account, in administrative expenses.

Fixed asset investments
Subsidiaries are all entities over which the company has the power to govern the financial and operating policies generally accompanying a shareholding of more than half the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the company controls another entity.

Investments in subsidiaries are held at cost less accumulated impairment losses.

Taxation
Corporation tax is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

As a REIT, the Group is exempt from corporation tax on profits and gains from its investments, provided it continues to meet certain conditions as per REIT regulations.

Taxation on the profit and loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the period end date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using rates enacted or substantially enacted at the period end date.

continued...

2. **ACCOUNTING POLICIES - continued**

(i) Current tax

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates of corporation tax that have been enacted by the Balance Sheet date.

Taxation - continued

(ii) Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

Operating lease agreements
Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Leasehold incentives given to tenants on entering property leases are recognised as unamortised lease incentives on the balance sheet and are amortised to the income statement over the term of the lease.

Following the expiry of the rental period provisions are recognised based on the difference between the higher current rental being received and the estimated current rental value of the property.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Capital and reserves
The share premium account represents amounts paid in excess of the par value of the shares.

The fair value reserve reflects unrealised gains and losses on investment properties carried at fair value.

The capital redemption reserve reflects the buy back of shares in prior years.

The profit and loss reserve reflects accumulated comprehensive income to date less distributions paid and realised gains and losses on the revaluation of investment properties.

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 and 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.

(i) 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. Such assets are subsequently carried at amortised cost using the effective rate interest method.

Trade debtors are recognised initially at invoice value and are subsequently measured less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables concerned. The amount of the provision is recognised in the profit and loss account.

continued...

2. **ACCOUNTING POLICIES - continued**
Financial instruments - continued

(ii) 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.

(iii) Derecognition of financial assets

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(iv) 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.

(v) 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.

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.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the Balance Sheet date.

(vi) Derecognition of financial liabilities

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

Equity instruments
Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Distributions to equity holders, recognised as a liability in the financial statements in the period in which they approved by the shareholders. These amounts are recognised in the statement of changes in equity.

Critical accounting estimates and assumptions
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.

continued...

2. ACCOUNTING POLICIES - continued

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.

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.

(i) 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, each year at the balance sheet date.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2018	2017
	£	£
Rental income	**2,178,364**	2,259,683
Other property income	**30,548**	51,674
Lease surrenders	**-**	98,763
	2,208,912	2,410,120

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	**235,945**	219,866
Social security costs	**19,647**	14,240
	255,592	234,106

The average number of employees during the year was as follows:

	2018	2017
Directors	**4**	5
Administrative Staff	**7**	7
	11	12

	2018	2017
	£	£
Directors' remuneration	**-**	-

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2018	2017
	£	£
Depreciation - owned assets	2,500	1,250
Profit on disposal of fixed assets	(752,633)	(234,266)
Fees payable to the company's auditor for the audit of the company's financial statements	16,800	14,000

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£	£
Deposit account interest	2,626	-
Other interest received	68,831	57,291
	71,457	57,291

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Bank interest	255,174	217,356
Other interest	-	9,400
	255,174	226,756

8. TAXATION

Analysis of the tax charge/(credit)
The tax charge/(credit) on the profit for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	13,577	11,193
Adjustment to prior years	4,354	-
Adjustments in respect of prior periods	-	(18,045)
Tax on profit	17,931	(6,852)

UK corporation tax has been charged at 19% (2017 - 20%).

continued...

8. TAXATION - continued

Reconciliation of total tax charge/(credit) included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Profit before tax	1,412,979	5,506,286
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	268,466	1,101,257
Effects of:		
Adjustments to tax charge in respect of previous periods	4,354	(18,045)
Effect of revaluations of investments	46,145	(835,283)
REIT exempt income and gains	(301,034)	(254,781)
Total tax charge/(credit)	17,931	(6,852)

The company obtained Real Estate Investment Trust status on 1 February 2016. As a result the company will no longer pay UK Corporation Tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits continue to be subject to corporation tax as normal.

9. DIVIDENDS

	2018	2017
	£	£
Ordinary shares of 1 each		
Interim	8,000,000	-

10. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Motor vehicles	Totals
	£	£	£
COST			
At 1 April 2017 and 31 March 2018	28,941	5,000	33,941
DEPRECIATION			
At 1 April 2017	28,941	2,500	31,441
Charge for year	-	2,500	2,500
At 31 March 2018	28,941	5,000	33,941
NET BOOK VALUE			
At 31 March 2018	-	-	-
At 31 March 2017	-	2,500	2,500

continued...

11. FIXED ASSET INVESTMENTS

	Investment in subsidiaries	Unlisted investments	Totals
	£	£	£
COST			
At 1 April 2017			
and 31 March 2018	**3,407,839**	**201,000**	**3,608,839**
NET BOOK VALUE			
At 31 March 2018	**3,407,839**	**201,000**	**3,608,839**
At 31 March 2017	3,407,839	201,000	3,608,839

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Innbrighton Limited
Registered office: England and Wales
Nature of business: Property Investment

Class of shares:	% holding
Ordinary	100.00

	2018	2017
	£	£
Aggregate capital and reserves	**4,799,725**	3,959,543
Profit for the year	**840,182**	619,104

12. INVESTMENT PROPERTY

	Total
	£
FAIR VALUE	
At 1 April 2017	**45,823,392**
Disposals	**(4,760,147)**
Revaluations	**(242,867)**
At 31 March 2018	**40,820,378**
NET BOOK VALUE	
At 31 March 2018	**40,820,378**
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 2018 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 £14,885,000 (2017: £23,255,000) have been pledged to secure borrowings of the company and the parent company.

The fair value reserve for the company discloses the movement between the historical cost basis and the fair value basis for investment properties.

	2018	2017
	£	£
Freehold	**36,541,750**	41.001.492
Long leasehold	**4,278,625**	4.821.900
	40,820,375	45.823.392

continued...

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade debtors	**146,684**	338,410
Amounts owed by group undertakings	**2,199,524**	1,674,524
Amounts owed by subsidiary undertaking	**438,500**	772,500
Amounts owed by parent undertaking	**195,161**	975,823
Prepayments and accrued income	**238,147**	151,647
	3,218,016	3,912,904

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Bank loans and overdrafts (see note 16)	-	3,592,500
Trade creditors	**26,062**	32,480
Amounts owed to group undertakings	**2,462,613**	1,145,613
Tax	**13,577**	11,193
Social security and other taxes	-	4,374
Other creditors	**23,725**	20,455
Accruals and deferred income	**249,661**	272,861
	2,775,638	5,079,476

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

	2018	2017
	£	£
Bank loans (see note 16)	**7,500,000**	2,500,000

16. LOANS

An analysis of the maturity of loans is given below:

	2018	2017
	£	£
Amounts falling due within one year or on demand:		
Bank loans	-	3,592,500
Amounts falling due between one and two years:		
Bank loans - 1-2 years	-	2,500,000
Amounts falling due in more than five years:		
Repayable otherwise than by instalments		
Bank loans	**7,500,000**	-

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 3.53% fixed over 10 years (2017 - 2.5% over LIBOR).

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17. LEASING AGREEMENTS

Lessor

At 31 March 2018 the company owned commercial and residential investment properties for rental purposes. Rental income earned during the period was £2,208,912 (2017: £2,410,120) and direct operating expenses arising on the properties in the period was £703,250 (2017: £727,409). The properties are expected to generate yield between 4% and 8% p.a. depending on type of property. Most lease contracts contain market review clauses in the event that the lessee exercises their option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

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

	2018	**2017**
	£	**£**
Within one year	1,116,252	1,496,615
Between two and five years	3,536,564	3,439,933
In over five years	22,271,375	22,629,065
	26,924,191	27,565,613

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	**2018** £	2017 £
361	Ordinary	1	**361**	361

The company has one class of ordinary shares which carry no right to fixed income. The shares carry no special rights or restrictions. Each share carries one vote.

19. RELATED PARTY DISCLOSURES

At the year end a company with common ownership owed London & Surrey Property Holdings Ltd £2,236,350 (2017: £1,731,815). Interest of 3.5% is charged on this balance amounting to £68,831 (2017: £57,291) during the year and is repayable on demand.

20. ULTIMATE 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.