Soho Estates Limited

Annual report and consolidated financial statements

Registered number 00473566

31 March 2017

Contents

Directors and advisers

Directors	Mr S Norris (Chairman) Mr J James Miss F James Mr M Egglenton Mrs R Wood Mr P Whalan Mr P Thompson
Secretary	Mrs R Wood
Company number	00473566
Registered office	58 Wardour Street London UK W1D 4JQ
Registered auditor	KPMG LLP St Nicholas House 31 Park Row Nottingham NG1 6FQ

Strategic report

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

Principal activities

The principal activity of the group continued to be that of property investment, substantially, but not exclusively, in the W1 postal district. The group also has an interest in projects in the United Arab Emirates and Norwich.

Review of the business and key performance indicators

The Group's principal activity is that of property investment. We invest in real estate primarily in London's Soho which is rated as prime real estate, enjoying a diverse economy with high occupancy rates in our target markets and therefore mitigating certain economic business risks.

The Group understands and respects the "village" in which we operate and reacts accordingly. We understand the requirements of our tenants and have helped in times of recession to maintain their cash flow and keep the small businesses of Soho thriving, whilst also helping some of our tenants to grow into major concerns.

The Group is closely involved with the local authority and community stakeholders to assist the regeneration of Soho. We contribute to upgrading the area to improve public safety and security.

The Group has a long term strategy view of Soho centred on building the future whilst respecting the past and does not fear the short term changes in the market place. Our objectives are:

- To produce a sustainable growth through long–term investment in our portfolio and careful management
- To build a strong company for future generations
- To mitigate risk on future market changes

The risks to the Group are that planning laws become restrictive and prohibit or frustrate our enhancement of the Estate. Although this would not cause a loss in revenue it would lead to suboptimal development of a key area at London's heart. The Group has a small exposure to a rise in interest rates and is comfortable that there is sufficient headroom to cope with a higher than anticipated increase and therefore does not pose a significant concern. The Group is also exposed to the risk that the demand for commercial and/or residential properties in Soho decreases but the Group operates with low overheads and is not concerned that this would have a material effect.

The Estate continues to develop and currently has a significant four year project. We expect two developments to complete in the coming financial year. A combination of sustained demand for space in our Estate and the asset management initiatives enable us to continue to retain turnover whilst underpinning growth in earnings and the overall value of our portfolio.

The key performance indicators (KPI's) are rental growth, both current and potential, high occupancy level and low obsolescence. These underpin long-term growth in capital values.

The financial statements of Soho Estates Limited have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice ('UK GAAP'), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

On behalf of the board

Mr S Norris
Chairman

26 July 2017

Directors' report

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

Results and dividends

The consolidated profit and loss account for the year is set out on page 6.

The directors do not recommend the payment of a dividend _(2016: £15,000,000)._

It is proposed that the retained profit is transferred to the group's reserves.

Directors

The directors who held office during the year and up to the date of this report:

Mr S Norris
Mr J James
Miss F James
Mr M Egglenton
Mrs R Wood
Mr P Whalan
Mr P Thompson

Charitable donations

	2017	2016
	£000	£000
During the year the group made the following payments:		
Charitable donations	**115**	115

Disclosure of information to the auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board

Mr S Norris
Chairman

26 July 2017

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

KPMG

Independent auditor's report to the members of Soho Estates Limited

We have audited the financial statements of Soho Estates Limited for the year ended 31 March 2017 set out on pages 6 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at 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 March 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK 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 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

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 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.

Anthony Hambleton

Anthony Hambleton *(Senior Statutory Auditor)*

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Dated: 26th July 2017

Consolidated profit and loss account and other comprehensive income
for the year ended 31 March 2017

	Note	**2017** **£000**	2016 £000
Turnover	*2*	**28,275**	27,550
Cost of sales		**(1,132)**	(2,000)
Gross profit		**27,143**	25,550
Administrative expenses		**(6,782)**	(3,694)
Other operating income	*6*	**194,379**	75,552
Group operating profit		**214,740**	97,408
Group's share of profit of joint ventures	*12*	**-**	17
Total operating profit		**214,740**	97,425
Other interest receivable and similar income	*7*	**6**	467
Interest payable and similar expenses	*8*	**(3,691)**	(2,968)
Profit before taxation		**211,055**	94,924
Tax on profit	*9*	**(29,679)**	(11,482)
Profit for the financial year		**181,376**	83,442
Other comprehensive income		**-**	-
Total comprehensive income		**181,376**	83,442

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

Consolidated balance sheet
at 31 March 2017

	Note	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	*10*		881		1,033
Investment property	*11*		887,607		636,224
Investments in joint ventures	*12*		139		139
			888,627		637,396
Current assets					
Debtors	*13*	4,225		9,030	
Cash at bank and in hand	*14*	5,083		11,986	
		9,308		21,016	
Creditors: amounts falling due within one year	*15*	(93,729)		(62,816)	
Net current liabilities			(84,421)		(41,800)
Total assets less current liabilities			804,206		595,596
Creditors: amounts falling due after more than one year	*16*		(70,003)		(69,115)
Provisions for liabilities:					
Deferred taxation	*18*		(58,247)		(31,901)
Net assets			675,956		494,580
Capital and reserves					
Called up share capital	*19*		100		100
Share premium account			155,036		155,036
Revaluation reserve			387,703		219,776
Profit and loss account			133,117		119,668
Shareholders' funds			675,956		494,580

These financial statements were approved by the board of directors on 26 July 2017 and were signed on its behalf by:

Mr S Norris
Chairman

Company registered number: 00473566

Company balance sheet
at 31 March 2017

	Note	2017 £000	2017 £000	2016 £000	2016 £000
Fixed assets					
Tangible assets	10		**24**		20
Investment property	11		**759,071**		533,083
Investments	12		**3,656**		3,656
			762,751		536,759
Current assets					
Debtors	13	**88,377**		88,651	
Cash at bank and in hand		**5,344**		11,804	
		93,721		100,455	
Creditors: amounts falling due within one year	15	**(93,122)**		(65,031)	
Net current assets			**599**		35,424
Total assets less current liabilities			**763,350**		572,183
Creditors: amounts falling due after more than one year	16		**(70,003)**		(69,115)
Provision for liabilities:					
Deferred taxation	18		**(52,748)**		(29,079)
Net assets			**640,599**		473,989
Capital and reserves					
Called up share capital	19		**100**		100
Share premium account			**155,036**		155,036
Revaluation reserve			**352,907**		201,494
Profit and loss account			**132,556**		117,359
Shareholders' funds			**640,599**		473,989

These financial statements were approved by the board of directors on 26 July 2017 and were signed on its behalf by:

Mr S Norris
Director

Company registered number: 00473566

Consolidated statement of changes in equity

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total Share holder's equity £000
Balance at 1 April 2015	100	155,036	152,363	118,639	426,138
Total comprehensive income for the year					
Profit	-	-	-	83,442	83,442
Transfer to revaluation reserve	-	-	75,552	(75,552)	-
Movement of deferred tax on revaluation reserve			(8,040)	8,040	-
Transfer of depreciation to revaluation reserve	-	-	(99)	99	-
	-	-	67,413	16,029	83,442
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(15,000)	(15,000)
Total contributions by and distributions to owners	-	-	-	(15,000)	(15,000)
Balance at 31 March 2016	**100**	**155,036**	**219,776**	**119,668**	**494,580**

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total Share holder's equity £000
Balance at 1 April 2016	100	155,036	219,776	119,668	494,580
Total comprehensive income for the year					
Profit	-	-	-	181,376	181,376
Transfer to revaluation reserve (note 11)	-	-	194,379	(194,379)	-
Movement of deferred tax on revaluation reserve	-	-	(26,346)	26,346	-
Transfer of depreciation to revaluation reserve	-	-	(106)	106	-
	-	-	167,927	13,449	181,376
Balance at 31 March 2017	**100**	**155,036**	**387,703**	**133,117**	**675,956**

Company statement of changes in equity

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total Equity £000
Balance at 1 April 2015	100	155,036	134,582	117,115	406,833
Total comprehensive income for the year					
Profit	-	-	-	82,156	82,156
Transfer to revaluation reserve	-	-	75,552	(75,552)	-
Movement on deferred tax on revaluation reserve	-	-	(8,640)	8,640	-
	-	-	66,912	15,244	82,156
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(15,000)	(15,000)
Total contributions by and distributions to owners	-	-	-	(15,000)	(15,000)
Balance at 31 March 2016	**100**	**155,036**	**201,494**	**117,359**	**473,989**

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total Equity £000
Balance at 1 April 2016	100	155,036	201,494	117,359	473,989
Total comprehensive income for the year					
Profit	-	-	-	166,610	166,610
Transfer to revaluation reserve	-	-	175,082	(175,082)	-
Movement on deferred tax on revaluation reserve	-	-	(23,669)	23,669	-
	-	-	151,413	15,197	166,610
Balance at 31 March 2017	**100**	**155,036**	**352,907**	**132,556**	**640,599**

Consolidated cash flow statement
for year ended 31 March 2017

	Note	2017 £000	2016 £000
Cash flows from operating activities			
Profit for the year		**181,376**	83,442
Adjustments for:			
Depreciation, amortisation and impairment		**115**	105
Change in value of investment property		**(194,379)**	(75,552)
Interest receivable and similar income		**(6)**	(467)
Interest payable and similar expenses		**3,691**	2,968
Joint venture profit		**-**	(17)
Taxation		**29,679**	11,482
		20,476	21,961
Decrease in trade and other debtors		**4,884**	1,867
Increase/(decrease) in trade and other creditors		**11,378**	(3,803)
		16,262	(1,936)
Tax paid		**(4,200)**	(3,700)
Net cash from operating activities		**32,538**	16,325
Cash flows from investing activities			
Interest received		**6**	467
Proceeds from sale of fixed assets		**1,041**	-
Acquisition of investment property and fixed assets		**(56,830)**	(13,553)
Net cash from investing activities		**(55,783)**	(13,086)
Cash flows from financing activities			
Interest paid		**(3,115)**	(2,702)
Proceeds from new loan		**29,457**	14,520
Repayment of loan		**(10,000)**	-
Dividends paid		**-**	(15,000)
Net cash from financing activities		**16,342**	(3,182)
Net (decrease)/increase in cash and cash equivalents		**(6,903)**	57
Cash and cash equivalents at 1 April		**11,986**	11,929
Cash and cash equivalents at 31 March		**5,083**	11,986

Notes
(forming part of the financial statements)

1 Accounting policies

Soho Estates Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 00473566 and the registered address is 58 Wardour Street, London, UK, W1D 4JQ.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102"*) as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time.
- Certain disclosures required by FRS 102.26 Share Based Payments; and,
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis except that investment property is stated at fair value.

1.2. Going concern

Notwithstanding net current liabilities of £84,421,000 the directors have prepared these financial statements on a going concern basis for the following reasons:

- Whilst intercompany debt is disclosed as a current liability, as it is repayable on demand, there is no intention from the group to call on this amount.
- The bank debt has been refinanced post year end (see note 17).
- The entity continues to generate profits and positive operating cash flows.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2017. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent financial statements, investments in subsidiaries and jointly controlled entities are carried at cost less impairment.

1.4. Foreign currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5. Classification of financial instruments issued by the group

In accordance with FRS 102.22, financial instruments issued by the group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the group; and

(b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes *(continued)*

1 Accounting policies *(continued)*

1.6. Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Subsequent to initial recognition investments are measured at cost less impairment in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Land and buildings leasehold	Over the life of the leasehold
Computer equipment	Straight line over 3 years
Plant and machinery	Straight line over 10 years

No depreciation is provided in respect of freehold land or buildings as the depreciation charge would be immaterial to the accounts.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.8. Investment property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition;

i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and

ii. no depreciation is provided in respect of investment properties applying the fair value model.

Notes _(continued)_

1 Accounting policies _(continued)_

1.9. Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a _pro rata_ basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.10. Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.11. Turnover

Turnover represents the amount of property income receivable in the period. Rental income received in advance are treated as deferred income until the period to which it relates is completed. Lease incentives are recognised over the duration of the lease term.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12. Expenses

Interest receivable and Interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.13. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

Turnover represents the amount of property income receivable in the period, derived wholly in the United Kingdom.

The investment properties are let under operating leases. The future minimum lease payments receivable under non-cancellable leases are as follows:

	Group		**Company**	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Less than one year	**23,595**	23,937	**23,540**	23,867
Between one and five years	**80,772**	82,052	**80,772**	82,036
More than five years	**129,262**	141,932	**129,262**	141,932
	233,629	247,921	**233,574**	247,835

3 Auditor's remuneration

Auditor's remuneration:

	2017	2016
	£000	£000
Audit of these financial statements	**63**	59

Notes *(continued)*

4 Staff numbers and costs

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

	Number of employees 2017	2016
Number of employees	**22**	22

The aggregate payroll costs of these persons were as follows:

	2017 £000	2016 £000
Wages and salaries	**2,511**	2,226
Social security costs	**230**	283
Contributions to defined contribution plans	**168**	176
	2,909	2,685

The group operates a defined contribution pension scheme.

The pension charge for the year represent contributions payable by the group. There are no outstanding or prepaid contributions at either beginning or end of the financial year.

5 Directors' remuneration

	2017 £000	2016 £000
Directors' remuneration	**1,724**	1,623
Company contributions to money purchase pension plans	**152**	139
	1,876	1,762

The aggregate of remuneration of the highest paid director was £623,100 *(2016: £623,100)*, and company pension contributions of £10,000 *(2016: £50,000)* were made to a money purchase scheme on his behalf.

	Number of directors 2017	2016
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**5**	3

6 Other operating income

	2017 £000	2016 £000
Fair value movement on investment property (note 11)	**194,379**	75,552

Notes *(continued)*

7 Other interest receivable and similar income

	2017 £000	2016 £000
Bank interest	-	40
Other interest	6	427
Total interest receivable	6	467

8 Interest payable and similar expenses

	2017 £000	2016 £000
Loan interest at amortised cost	2,872	2,539
Other bank charges and fees	819	429
Total other interest payable and similar expenses	3,691	2,968

9 Taxation

Total tax expense recognised in the profit and loss account

	2017		2016	
	£000	£000	£000	£000
Current tax				
Current tax on income for the year		3,333		3,526
Adjustments in respect of prior periods		-		(84)
Total current tax		3,333		3,442
Deferred tax (see note 18)				
Origination and reversal of timing differences	26,665		(2,386)	
Change in tax rate	(319)		10,426	
Total deferred tax		26,346		8,040
Total tax		29,679		11,482

Notes *(continued)*

9 Taxation *(continued)*

Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit for the year	**181,376**	83,442
Total tax expense	**29,679**	11,482
Profit excluding taxation	**211,055**	94,924
Tax using the UK corporation tax rate of 20% *(2016: 20%)*	**42,211**	18,985
Reduction in tax rate on deferred tax balances	**(319)**	(2,386)
Other timing differences	**(11,987)**	(4,690)
Income not subject to taxation	**(40)**	(31)
Adjustments in respect of prior periods	**-**	(84)
Expenses not allowable for taxation	**59**	41
Group relief	**(44)**	(33)
Capital allowances in excess of depreciation	**(201)**	(320)
Total tax expense included in profit or loss	**29,679**	11,482

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2017 has been calculated based on these rates.

10 Tangible fixed assets

Group	Leasehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost			
Balance at 1 April 2016	1,447	58	1,505
Transfer to investment property	(50)	-	(50)
Additions	-	13	13
Balance at 31 March 2017	1,397	71	1,468
Depreciation and impairment			
Balance at 1 April	434	38	472
Depreciation charge for the year	106	9	115
Balance at 31 March	540	47	587
Net book value			
At 31 March 2017	**857**	**24**	**881**
At 31 March 2016	1,013	20	1,033

Notes *(continued)*

10 Tangible fixed assets *(continued)*

Company

	Fixtures, fittings and equipment £000
Cost	
Balance at 1 April 2016	58
Additions	13
Balance at 31 March 2017	71
Depreciation and impairment	
Balance at 1 April 2016	38
Depreciation charge for the year	9
Balance at 31 March 2017	47
Net book value	
At 31 March 2017	**24**
At 31 March 2016	20

Management have considered some cost of investment property to be held for capital appreciation or rental income and accordingly reclassified these from leasehold buildings under tangible fixed assets to Investment Property.

11 Investment property

Group

	£000
Balance at 1 April 2016	636,224
Additions	57,995
Revaluations	194,379
Transfer from property, plant and equipment	50
Disposals	(1,041)
Balance at 31 March 2017	**887,607**
Historical cost net book value	441,430

Notes *(continued)*

11 Investment property *(continued)*

Company	**£000**
Balance at 1 April 2016	533,083
Additions	50,906
Revaluations	175,082
Balance at 31 March 2017	**759,071**
Historical cost net book value	353,422

Investment properties totalling £277,869,000 were independently valued, on a Market Value basis in April 2017, by an external, independent value *(2016: £nil),* having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation was made in accordance with the RICS Valuation Standards.

The remainder of the Investment Property portfolio is valued by the Directors of the company using ERV and yields appropriate to the region in which the property is situated. Benchmarking is undertaken to determine appropriate parameters for the yields used.

Any gain or loss arising from a change in fair value is recognised in the profit or loss account - rental income from investment property is accounted for as described in the turnover accounting policy.

The group and company have entered into certain capital commitments at the year end in relation to investment properties (see note 21).

Management have considered some cost of investment property to be held for capital appreciation or rental income and accordingly reclassified these from leasehold buildings under tangible fixed assets in note 10.

12 Fixed asset investments

Group	**Interests in joint ventures £000**
Share of post acquisition reserves	
At beginning of year	139
Retained profits less losses	-
At end of year	**139**

Company	**Shares in group undertakings £000**
Cost and net book value	
At 31 March 2017	**3,656**
At 31 March 2016	3,656

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Notes *(continued)*

12 Fixed asset investments *(continued)*

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows.

All the shareholdings are of £1 ordinary shares except Gulf Investor 101 Limited where the shareholdings are AED 1,000 ordinary shares.

Company	Registered	Percentage held	Registered office address	Activity
Soho Estates Development Limited	England and Wales	100	58 Wardour Street, London, UK, W1D 4JQ	Property
Soho Estates Properties Limited	England and Wales	100	58 Wardour Street, London, UK, W1D 4JQ	Property
Soho Estates Portfolio Limited	England and Wales	100	58 Wardour Street, London, UK, W1D 4JQ	Property
Victor Green Properties Limited	England and Wales	100	58 Wardour Street, London, UK, W1D 4JQ	Property
Gulf Investor Limited	England and Wales	100	58 Wardour Street, London, UK, W1D 4JQ	Property
Gulf Investor 101 Limited *	United Arab Emirates	100	Rolex Tower, Level 15, Sheikh Zayed Road, Dubai, UAE, PO Box 112967	Property
Westlegate Developments Limited **	England and Wales	76	7 The Close, Norwich, Norfolk, NR1 4DJ	Property

* Held by subsidiary undertaking.

** Joint Venture by virtue of a shareholder's agreement held by subsidiary undertaking.

The group holds an investment in Westlegate Developments Limited which the directors' believe is a joint venture under the shareholder agreement and has been accounted for in accordance with the gross equity method of accounting. The Directors assess this as immaterial to the group.

13 Debtors

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade debtors	**627**	2,265	**627**	2,261
Amounts owed by joint ventures	**151**	1,087	**-**	-
Amounts owed by other group undertakings	**-**	-	**84,556**	81,742
Other debtors	**2,353**	4,602	**1,967**	3,691
Corporation tax debtor	**79**	-	**268**	-
Prepayments and accrued income	**885**	946	**829**	827
Deferred tax assets (note 18)	**130**	130	**130**	130
	4,225	9,030	**88,377**	88,651

Amounts owed by other group companies are repayable on demand.

Notes *(continued)*

14 Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	**5,083**	11,986
Cash and cash equivalents per cash flow statements	**5,083**	11,986

15 Creditors: amounts falling due within one year

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Bank loans (note 17)	**60,000**	40,543	**60,000**	40,543
Trade creditors	**3,793**	2,460	**3,449**	1,926
Amounts owed to parent undertaking	**19,909**	11,111	**20,015**	14,086
Corporation tax	**-**	309	**-**	280
Taxation and social security	**74**	697	**73**	697
Other creditors	**2,173**	1,772	**2,012**	1,649
Accruals and deferred income	**7,780**	5,924	**7,573**	5,850
	93,729	62,816	**93,122**	65,031

Amounts owed to parent undertaking is repayable on demand.

16 Creditors: amounts falling after more than one year

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Bank loans (see note 17)	**70,003**	69,115	**70,003**	69,115

17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	Group		Company	
	2017 £000	2016 £000	**2017 £000**	2016 £000
Creditors falling due after more than one year				
Secured bank loans	**70,003**	69,115	**70,003**	69,115
Creditors falling due within less than one year				
Secured bank loans	**60,000**	40,543	**60,000**	40,543

Notes *(continued)*

17 Interest bearing loans and borrowings *(continued)*

Terms and debt repayment schedule

Group and Company	Currency	Nominal interest rate	Year of maturity	Repayment schedule	2017 £000	2016 £000
Barclays Bank Plc loan	GBP	1.95%	2020	On maturity	130,003	109,658

The loans are secured over the balance sheet of the group. The balance due within one year is repayable on demand and hence disclosed under due within one year.

As disclosed in note 23, on the 26 April 2017 the company refinanced its existing bank loans in the form of a new facility which is held with Barclays Bank Plc and senior loan notes.

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
Origination and reversal of timing differences	-	-	(58,247)	(31,901)	(58,247)	(31,901)
Other	130	130	-	-	130	130
Net tax assets/(liabilities)	130	130	(58,247)	(31,901)	(58,117)	(31,771)

We anticipate an immaterial amount of deferred tax to unwind in the next twelve months and the majority to remain until which point the asset is sold.

Company	Assets		Liabilities		Net	
	2017 £000	2016 £000	2017 £000	2016 £000	2017 £000	2016 £000
Origination and reversal of timing differences	-	-	(52,748)	(29,079)	(52,748)	(29,079)
Other	130	130	-	-	130	130
Net tax assets/(liabilities)	130	130	(52,748)	(29,079)	(52,618)	(28,949)

We anticipate an immaterial amount of deferred tax to unwind in the next twelve months and the majority to remain until which point the asset to which it attaches is sold.

Notes *(continued)*

19 Capital and reserves

Share capital

	2017	2016
	£000	£000
Allotted, called up and fully paid		
100,000 ordinary shares of £1 each	**100**	100

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share premium account

The balance classified as share premium relates to the aggregate net proceeds less nominal value of shares on issue of the Company's equity share capital.

Revaluation reserve

Where investment properties have previously been revalued, the net revaluation increase is included in the revaluation reserve.

Dividends

No dividends were proposed after the year end.

20 Capital commitments

Capital commitments

Contractual commitments at the year-end were £27,000,000 (2016:£nil), Company £7,000,000 *(2016: £nil).*

21 Employee benefits

Defined contribution plans

Group

The Group and Company operates a defined contribution pension plan. The total expense relating to these plans in the current year was £168,000 *(2016: £176,000)*, Company £168,000 *(2016: £176,000).*

22 Related parties

Group

Identity of related parties with which the Group has transacted

As the Company was a wholly owned subsidiary of Soho Estates Holdings Limited at 31 March 2017, the Company has taken advantage of the exemption contained in FRS102.33.1A and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Group headed by Soho Estates Holdings Limited.

As at the balance sheet date the group holds a debit balance relating to a loan of £151,000 *(2016: £1,087,000)* with Westlegate Developments Limited, a joint venture company. The interest charge on the loan for the year was £6,000 *(2016: £330,000)* and as at 31 March 2017 the interest debtor is £151,000 *(2016: £1,087,000),* which is included in the total loan above. An amount of £96,000 (2016: £nil) was written off and included in administrative expenses during the year.

Transactions with key management personnel

Total compensation of key management personnel (the directors) in the year amounted to £1,876,000 *(2016: £1,762,000).*

Notes *(continued)*

22 Related parties *(continued)*

Company

Identity of related parties with which the Company has transacted

As the Company was a wholly owned subsidiary of Soho Estates Holdings Limited at 31 March 2017, the Company has taken advantage of the exemption contained in FRS102.33.1A and has therefore not disclosed transactions or balances with wholly owned entities which form part of the Group headed by Soho Estates Holdings Limited.

23 Post balance sheet events

On the 26 April 2017 the company refinanced its existing bank loans in the form of a new facility which is held with Barclays Bank Plc and senior loan notes.

24 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Soho Estates Holdings Limited, 58 Wardour Street, London, UK, W1D 4JQ who are the ultimate parent company. The ultimate controlling party is the Paul Raymond family trusts, 58 Wardour Street, London, UK, W1D 4JQ.

The largest Company in which the results of the Company are consolidated is that headed by Soho Estates Holdings Limited, 58 Wardour Street, London, UK, W1D 4JQ, incorporated in the UK. The smallest Company in which they are consolidated is that headed by Soho Estates Limited, incorporated in the UK. The consolidated financial statements of these Companies are available to the public and may be obtained from the address shown in note 1.

25 Accounting estimates and judgements

Key sources of estimation uncertainty

The directors consider the only areas of estimation uncertainty in the financial statements is the valuation of investment property. Investment properties totalling £277,869,000 were independently valued, on a Market Value basis in April 2017, by an external, independent valuer *(2016: £nil),* having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation was made in accordance with the RICS Valuation Standards. The remainder of the Investment Property portfolio is valued by the Directors. This is calculated with reference to market rental yields for the area which reduces the subjectivity around investments.

Critical accounting judgements in applying the Company's accounting policies

The directors consider that there are no critical accounting judgements (except for those involving estimates included above).