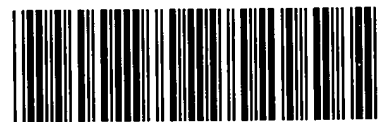


**Report of the Directors and  
Consolidated Financial Statements  
for the Year Ended 31 March 2015  
for  
SALAFT PROPERTIES LIMITED**

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**SALAFT PROPERTIES LIMITED**

**Contents of the Consolidated Financial Statements  
for the year ended 31 March 2015**

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**SALAFT PROPERTIES LIMITED**

**Company Information  
for the year ended 31 March 2015**

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**Directors:** L F Small  
R G Baum  
Mrs A S Baum

**Secretary:** L F Small

**Registered office:** Aissela  
46 High Street  
Esher  
Surrey  
KT10 9QY

**Registered number:** 00628277 (England and Wales)

**Auditors:** Haines Watts  
Chartered Accountants  
Statutory Auditors  
Aissela  
46 High Street  
Esher  
Surrey  
KT10 9QY

**SALAFT PROPERTIES LIMITED**

**Report of the Directors  
for the year ended 31 March 2015**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2015.

**Principal activity**

The principal activities of the group in the year under review were those of property investment and property dealing.

**Future developments**

Following the refinancing arrangements that took place during 2015 the Directors continue to look for further opportunities to invest in and look to the future with optimism.

**Events since the end of the year**

Information relating to events since the end of the year is given in the notes to the financial statements.

**Directors**

The directors shown below have held office during the whole of the period from 1 April 2014 to the date of this report.

L F Small  
R G Baum  
Mrs A S Baum

**Statement of directors' responsibilities**

The directors are responsible for preparing the Report of the Directors 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 the group and of the profit or loss of the group 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 and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group 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 group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

**Auditors**

The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**On behalf of the board:**

.....  
L F Small, Secretary

Date: 15/12/15

**Report of the Independent Auditors to the Members of  
Salaft Properties Limited**

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We have audited the financial statements of Salaft Properties Limited for the year ended 31 March 2015 on pages five to twenty four. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 group's and the parent 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 Report of the Directors 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 group's and of the parent company's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of  
Salaft Properties 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 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Group Strategic Report or in preparing the Report of the Directors.

*Haines Watts*

Daniel Morgan (Senior Statutory Auditor)  
for and on behalf of Haines Watts  
Chartered Accountants  
Statutory Auditors  
Aissela  
46 High Street  
Esher  
Surrey  
KT10 9QY

Date: *15/12/15* .....

**SALAFT PROPERTIES LIMITED**

**Consolidated Profit and Loss Account  
for the year ended 31 March 2015**

	Notes	2015 £	2014 £
<b>Turnover</b>			
Group and share of joint ventures		4,064,445	4,340,048
Less:			
Share of joint ventures' turnover		(1,585,233)	-
<b>Group turnover</b>	2	2,479,212	4,340,048
Cost of sales		(1,279,189)	(2,440,874)
<b>Gross profit</b>		1,200,023	1,899,174
Administrative expenses		(407,872)	(439,259)
		792,151	1,459,915
Other operating income		-	415,522
<b>Operating profit</b>	3	792,151	1,875,437
Bad debt recovered		683,431	4,126
Profit/loss on sale of invest		-	(67,258)
		1,475,582	1,812,305
Income from interest in associated undertakings		(6,155)	-
Income from joint ventures		1,611,853	-
Income from investments		71,349	56,206
Interest receivable and similar income		8,361	16,752
		3,160,990	1,885,263
Provision for diminution in value	4	(89,509)	73,192
		3,071,481	1,958,455
Interest payable and similar charges		(966,466)	(389,790)
<b>Profit on ordinary activities before taxation</b>		2,105,015	1,568,665
Tax on profit on ordinary activities	5	(377,986)	(252,101)
<b>Profit for the financial year for the group</b>		<u>1,727,029</u>	<u>1,316,564</u>

The notes form part of these financial statements

**SALAFT PROPERTIES LIMITED**

**Consolidated Statement of Total Recognised Gains and Losses  
for the year ended 31 March 2015**

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	2015 £	2014 £
<b>Profit for the financial year</b>	<b>1,727,029</b>	<b>1,316,564</b>
Surplus on revaluation of properties	1,433,100	6,059,586
Tax attributed to revaluation surplus	-	(3,151,070)
<b>Total recognised gains and losses relating to the year</b>	<b><u>3,160,129</u></b>	<b><u>4,225,080</u></b>

The notes form part of these financial statements



**Consolidated Balance Sheet**  
31 March 2015

	Notes	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Tangible assets	8		33,005,327		31,549,374
Investments	9				
Interest in joint venture					
Share of gross assets			4,399,639		-
Share of gross liabilities			<u>(4,399,639)</u>		<u>-</u>
Interest in associate			35		-
Other investments			<u>15,852,871</u>		<u>63,686</u>
			<u>48,858,233</u>		<u>31,613,060</u>
<b>Current assets</b>					
Stocks		-		3,116,023	
Debtors	10	4,210,759		14,550,033	
Investments	11	2,416,734		1,771,213	
Cash at bank		<u>3,486,251</u>		<u>1,178,479</u>	
			<u>10,113,744</u>	20,615,748	
<b>Creditors</b>					
Amounts falling due within one year	12	<u>6,218,442</u>		<u>12,303,765</u>	
<b>Net current assets</b>			<u>3,895,302</u>		<u>8,311,983</u>
<b>Total assets less current liabilities</b>			<u>52,753,535</u>		<u>39,925,043</u>
<b>Creditors</b>					
Amounts falling due after more than one year	13		(10,814,000)		(1,175,000)
<b>Provisions for liabilities</b>	15		<u>(441,230)</u>		<u>(411,867)</u>
<b>Net assets</b>			<u>41,498,305</u>		<u>38,338,176</u>
<b>Capital and reserves</b>					
Called up share capital	16		38,000		38,000
Share premium	17		98,557		98,557
Investment revaluation reserve	17		9,466,949		6,621,496
Profit and loss account	17		<u>31,894,799</u>		<u>31,580,123</u>
<b>Shareholders' funds</b>			<u>41,498,305</u>		<u>38,338,176</u>

The notes form part of these financial statements

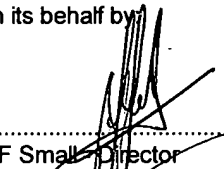
SALAFT PROPERTIES LIMITED (REGISTERED NUMBER: 00628277)


Consolidated Balance Sheet - continued  
31 March 2015

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The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 15/12/15 and were signed on its behalf by

  
.....  
L F Small - Director

  
.....  
R G Baum - Director

The notes form part of these financial statements

**SALAFT PROPERTIES LIMITED (REGISTERED NUMBER: 00628277)**

**Company Balance Sheet  
31 March 2015**

	Notes	£	2015 £	£	2014 £
<b>Fixed assets</b>					
Tangible assets	8		20,574,327		30,049,374
Investments	9		14,626,214		63,786
			<u>35,200,541</u>		<u>30,113,160</u>
<b>Current assets</b>					
Stocks		-		3,116,023	
Debtors	10	8,037,917		14,549,843	
Investments	11	2,416,734		1,771,213	
Cash at bank		2,988,876		1,177,479	
		<u>13,443,527</u>		<u>20,614,558</u>	
<b>Creditors</b>					
Amounts falling due within one year	12	5,878,121		26,511,390	
			<u>7,565,406</u>		<u>(5,896,832)</u>
<b>Net current assets/(liabilities)</b>					
			<u>42,765,947</u>		<u>24,216,328</u>
<b>Creditors</b>					
Amounts falling due after more than one year	13		(1,090,000)		(1,175,000)
<b>Provisions for liabilities</b>	15		(316,466)		(295,093)
			<u>41,359,481</u>		<u>22,746,235</u>
<b>Net assets</b>					
			<u>41,359,481</u>		<u>22,746,235</u>
<b>Capital and reserves</b>					
Called up share capital	16		38,000		38,000
Share premium	17		98,557		98,557
Investment revaluation reserve	17		6,291,055		8,033,848
Profit and loss account	17		34,931,869		14,575,830
			<u>41,359,481</u>		<u>22,746,235</u>
<b>Shareholders' funds</b>					
			<u>41,359,481</u>		<u>22,746,235</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board of Directors on 15/12/15 and were signed on its behalf by

.....  
L F Smart - Director

.....  
R G Baum - Director

The notes form part of these financial statements

## SALAFT PROPERTIES LIMITED

### Notes to the Consolidated Financial Statements for the year ended 31 March 2015

#### 1. Accounting policies

##### Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

In accordance with the Financial Reporting Standard for Smaller Entities investment properties are stated at valuation which, unlike the Companies Act 2006, does not require depreciation of investment properties.

Investment properties are held for their investment potential and not for use by the company, so their current value is of prime importance. Depreciation of investment properties would not give a true and fair view, as it is one of the many factors reflected in the annual valuation and the depreciation element which might otherwise have been charged to profit and loss account cannot be separately identified or quantified. For these reasons departure from the depreciation requirement of the Companies Act is necessary.

Included within creditors due within one year is a bank loan of £4.85 million due for review in August 2016. Included within creditors due in more than one year is a bank loan of £1.175 million due for repayment in November 2016. The Directors have no reason to believe that either facility will not be renewed. The financial statements do not include any adjustments which would be necessary if the facilities are not renewed.

##### Basis of consolidation

The group accounts consolidate the accounts of Salaft Properties Limited and its subsidiary undertaking, Salaft Property Investments Limited, for the year ended 31 March 2015. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit & loss account from the date of acquisition or up to the date of disposal.

In accordance with the Companies Act 2006, Salaft Properties Limited is exempt from the requirement to produce its own profit & loss account. For the company results of Salaft Properties Ltd see note 6.

##### Joint ventures

In accordance with FRS 9, joint ventures are included under the gross equity method. As a result the Group's balance sheet discloses the Group's share of the gross assets and gross liabilities of the joint ventures. The Group's share of the joint venture operating result, net interest payable and taxation are included at the relevant point in the Group profit and loss account. Accounting policies of subsidiaries and joint ventures are in line with group policies.

##### Turnover

Turnover is stated net of value added tax and comprises the following:

Rents receivable, excluding service charges and insurance matched with a specific disbursement, recognised as they accrue;

Amounts receivable from property dealing and development via joint arrangements, and property dealing undertaken solely by the company are recognised on sale completion. The amounts paid by the company for property purchases and for expenditure on property development are included in cost of sales. These arrangements ceased during 2015.

Property management fees receivable, recognised as they accrue.

*Service charges and insurance which are in effect a disbursement are not included in turnover or cost of sales.*

##### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc                      -    Straight line over 5 years, Straight line over 10 years and Straight line over 4 years

The office building cost has been fully depreciated.

**SALAFT PROPERTIES LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 March 2015**

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**1. Accounting policies - continued**

**Stocks and property dealing**

Stocks comprise the amounts paid or payable by the company for property purchases and for expenditure on property improvements.

Where the company is participating in a property dealing joint arrangement only the agreed contribution to the property costs payable by the company at the balance sheet date are included as cost of stock. These arrangements ceased during 2015.

Stocks are valued at the lower of cost and net realisable value.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, however deferred tax shall not be recognised on revaluation gains and losses unless, by the balance sheet date the entity has entered into a binding agreement to sell the asset and has revalued the asset to the selling price.

Provision is made at the average tax rates that would apply when the timing differences are expected to reverse, based on tax rates and laws that have been enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Income from investments**

Investment income comprises dividends declared during the accounting period and interest receivable on listed investments.

**Investment properties**

Investment properties are shown at their market value and not depreciated.

Surpluses and deficits arising on revaluations are credited and debited to the investment revaluation reserve except where the valuation is below cost and the diminution in value is not expected to be temporary.

Where a property is valued below cost and the diminution below value is not expected to be temporary, the difference between cost and valuation is debited to profit and loss account.

Where a diminution in value below cost has been debited to profit and loss account in an earlier accounting period the treatment of change in the valuation for the current accounting period is as follows:

Where opening and closing valuation is below cost the increase or decrease in value is credited or debited in the profit and loss account.

Where the opening valuation was less than cost but the closing valuation greater than cost, the difference between cost and the opening valuation is credited to profit and loss account and the difference between the closing valuation and cost is credited to the investment revaluation reserve.

**Employer financed retirement benefit schemes (EFRBS)**

On 2nd August 2013 the Company established an EFRBS for the benefit of its officers, employees and their wider families, The Salaft Properties Limited 2013 EFRBS ('the Scheme').

During the current year an additional contribution of £6,935 was made (2014: Initial capital contribution of £200 made).

**SALAFI PROPERTIES LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 March 2015**

**2. Turnover**

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

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

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Rents receivable	2,476,812	2,669,379
Property dealing	-	1,670,244
Other	2,400	425
	<b>2,479,212</b>	<b>4,340,048</b>
	<b>2,479,212</b>	<b>4,340,048</b>

The property dealing income is now accounted for as income from a participating interest.

**3. Operating profit**

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

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Depreciation - owned assets	9,649	2,373
Profit on disposal of fixed assets	-	(415,522)
Auditors' remuneration	6,844	15,018
Foreign exchange differences	769	7,250
Employer Financed Retirement Benefit Scheme Contribution	6,935	200
	<b>170,417</b>	<b>236,145</b>
	<b>170,417</b>	<b>236,145</b>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

**4. Provision for diminution in value**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Provision for diminution in value	89,509	45,582
Deficit on revaluation	-	(118,774)
	<b>89,509</b>	<b>(73,192)</b>
	<b>89,509</b>	<b>(73,192)</b>

**SALAFT PROPERTIES LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 March 2015**

**5. Taxation**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK corporation tax	<b>308,927</b>	3,384,200
Attributed to gains recognised in the statement of total recognised gains and losses	-	(3,151,070)
Corporation tax in respect of earlier years	<b>39,696</b>	(772)
<b>Total current tax</b>	<b><u>348,623</u></b>	<b><u>232,358</u></b>
Deferred tax:		
Deferred tax arising from timing differences	<b>33,449</b>	50,089
Deferred tax arising from timing differences in earlier years	<b>26,054</b>	-
Deferred tax arising from changes in tax rates	<b>(30,140)</b>	(30,346)
<b>Total deferred tax</b>	<b><u>29,363</u></b>	<b><u>19,743</u></b>
<b>Tax on profit on ordinary activities</b>	<b><u><u>377,986</u></u></b>	<b><u><u>252,101</u></u></b>

**Factors that may affect future tax charges**

Subsequent to the year end the company was in receipt of an advance payment notice (APN) in relation to a corporation tax arrangement which is notifiable under the disclosure of tax avoidance scheme (DOTAS) rules. In the view of the Directors, the company need not provide for any additional liability as, given all the available evidence, they believe that HMRC will not be successful in their challenge of the arrangements made.

Unprovided deferred tax:

If the land and buildings had been sold at the balance sheet date for the valuation stated, there would not have been an additional tax charge (2014: £Nil).

**6. Profit of parent company**

As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £17,963,246 (2014 - £1,129,505).

**7. Dividends**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Interim	-	1,110,000
	<b><u><u>-</u></u></b>	<b><u><u>1,110,000</u></u></b>

**SALAFI PROPERTIES LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 March 2015**

**8. Tangible fixed assets**

Group	Land and buildings £	Plant and machinery etc £	Totals £
<b>Cost or valuation</b>			
At 1 April 2014	31,770,477	55,878	31,826,355
Additions	-	32,502	32,502
Revaluations	1,433,100	-	1,433,100
At 31 March 2015	<u>33,203,577</u>	<u>88,380</u>	<u>33,291,957</u>
<b>Depreciation</b>			
At 1 April 2014	225,000	51,981	276,981
Charge for year	-	9,649	9,649
At 31 March 2015	<u>225,000</u>	<u>61,630</u>	<u>286,630</u>
<b>Net book value</b>			
At 31 March 2015	<u>32,978,577</u>	<u>26,750</u>	<u>33,005,327</u>
At 31 March 2014	<u>31,545,477</u>	<u>3,897</u>	<u>31,549,374</u>

Cost or valuation at 31 March 2015 is represented by:

	Land and buildings £	Plant and machinery etc £	Totals £
Valuation in 2015	33,203,577	-	33,203,577
Cost	-	88,380	88,380
	<u>33,203,577</u>	<u>88,380</u>	<u>33,291,957</u>

If investment properties had not been revalued they would have been included at the following historical cost:

	2015 £	2014 £
Cost	<u>26,388,188</u>	<u>25,415,500</u>

Investment properties were valued on an open market value basis on 31 March 2015 by the directors.

All of the land and buildings net book value was in respect of investment properties.



**SALAFT PROPERTIES LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 March 2015**

**8. Tangible fixed assets - continued**

**Company**

	Land and buildings £	Plant and machinery etc £	Totals £
<b>Cost or valuation</b>			
At 1 April 2014	30,270,477	55,878	30,326,355
Additions	-	32,502	32,502
Disposals	(10,147,900)	-	(10,147,900)
Revaluations	650,000	-	650,000
<b>At 31 March 2015</b>	<b>20,772,577</b>	<b>88,380</b>	<b>20,860,957</b>
<b>Depreciation</b>			
At 1 April 2014	225,000	51,981	276,981
Charge for year	-	9,649	9,649
<b>At 31 March 2015</b>	<b>225,000</b>	<b>61,630</b>	<b>286,630</b>
<b>Net book value</b>			
At 31 March 2015	<u>20,547,577</u>	<u>26,750</u>	<u>20,574,327</u>
At 31 March 2014	<u>30,045,477</u>	<u>3,897</u>	<u>30,049,374</u>

Cost or valuation at 31 March 2015 is represented by:

	Land and buildings £	Plant and machinery etc £	Totals £
Valuation in 2015	20,772,577	-	20,772,577
Cost	-	88,380	88,380
	<u>20,772,577</u>	<u>88,380</u>	<u>20,860,957</u>

If investment properties had not been revalued they would have been included at the following historical cost:

	2015 £	2014 £
Cost	<u>22,011,629</u>	<u>22,011,629</u>

Investment properties were valued on an open market value basis on 31 March 2015 by the Directors.

All of the land and buildings net book value at 31 March 2015 was in respect of investment properties.

**SALAFT PROPERTIES LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 March 2015**

**9. Fixed asset investments**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Shares in group undertakings	-	100	100	100
Participating interests	35	-	35	-
Loans to undertakings in which the company has a participating interest	15,789,185	-	14,562,393	-
Other investments not loans	63,686	63,586	63,686	63,686
	<u>15,852,906</u>	<u>63,686</u>	<u>14,626,214</u>	<u>63,786</u>

Additional information is as follows:

**Group**

	Interest in associate £	Unlisted investments £	Totals £
<b>Cost</b>			
At 1 April 2014	-	63,686	63,686
Additions	35	-	35
At 31 March 2015	<u>35</u>	<u>63,686</u>	<u>63,721</u>
<b>Net book value</b>			
At 31 March 2015	<u>35</u>	<u>63,686</u>	<u>63,721</u>
At 31 March 2014	<u>-</u>	<u>63,686</u>	<u>63,686</u>

**Company**

	Shares in group undertakings £	Interest in associate £	Unlisted investments £	Totals £
<b>Cost</b>				
At 1 April 2014	100	-	63,686	63,786
Additions	-	35	-	35
At 31 March 2015	<u>100</u>	<u>35</u>	<u>63,686</u>	<u>63,821</u>
<b>Net book value</b>				
At 31 March 2015	<u>100</u>	<u>35</u>	<u>63,686</u>	<u>63,821</u>
At 31 March 2014	<u>100</u>	<u>-</u>	<u>63,686</u>	<u>63,786</u>

**SALAFT PROPERTIES LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 March 2015**

**9. Fixed asset investments - continued**

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

**Subsidiary**

**Salaft Property Investments Limited**

Nature of business: Property investment

	%		
Class of shares:	holding	2015	2014
Ordinary shares	100.00	£	£
Aggregate capital and reserves		138,924	15,592,041
(Loss)/profit for the year		(253,117)	187,061
		138,924	15,592,041

**Joint venture**

**Titan Property Group**

Nature of business: Property dealing and investment

	%		
Class of shares:	holding	2015	£
Unincorporated	35.00	£	
Profit for the year		3,483,998	
		3,483,998	

The company is a partner in the Titan Property Group Partnership. Previously the company contributions were considered to be a joint arrangement not an entity. During the year a partnership agreement was entered into which formalised the arrangement and resulted in the contributions then being seen as a long term investment by the company. It is now categorised going forward as a joint venture, with all partners required to provide mutual consent on key decisions. The Company has no capital account with the partnership, and therefore its balance is included within loans to undertakings in which the company has a participating interest. The balance with Titan Property Group at the year end is £13,626,235.

Titan Property Group has net assets of £nil due to all partner contributions being accounted for as loans to the partnership. The Company holds a 35% share of the partnership, of which the below figures are recorded at 35%:-

	2015	2014
	£	£
Share of gross assets	4,399,565	-
Share of gross liabilities	4,399,565	-
Share of net assets	-	-
	-	-

**SALAFI PROPERTIES LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 March 2015**

**9. Fixed asset investments - continued**

**Associated company**

**SSBB LLP**

Nature of business: Property investment

Class of shares:	% holding	
Capital account	35.00	
		<b>2015</b>
		<b>£</b>
Aggregate capital and reserves		<b>100</b>
Loss for the year		<b>(17,587)</b>

The investment in SSBB LLP comprises the company capital account of £35, the remaining balance is invested via loan to SSBB LLP. The loan from the Company at the year end is £936,158, and this is included within loans to undertakings in which the company has a participating interest. The Group's total loan balance with SSBB LLP is £2,162,950.

**Group**

	Loans to associates £	Loans to joint ventures £	Totals £
New in year	2,162,951	13,626,234	15,789,185
At 31 March 2015	2,162,951	13,626,234	15,789,185

**Company**

	Loans to associates £	Loans to joint ventures £	Totals £
New in year	936,159	13,626,234	14,562,393
At 31 March 2015	936,159	13,626,234	14,562,393

The company's fixed asset investment in group undertakings at the balance sheet date comprised 100% of the share capital in the subsidiary Salafi Property Investments Limited.

**10. Debtors**

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Amounts falling due within one year:				
Trade debtors	284,708	56,311	228,668	56,311
Other debtors	3,926,051	14,493,722	3,893,196	14,493,532
	4,210,759	14,550,033	4,121,864	14,549,843
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	3,916,053	-
	-	-	3,916,053	-
Aggregate amounts	4,210,759	14,550,033	8,037,917	14,549,843

**SALAFI PROPERTIES LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 March 2015**

**11. Current asset investments**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Listed investments	<u>2,416,734</u>	<u>1,771,213</u>	<u>2,416,734</u>	<u>1,771,213</u>

Market value of listed investments at 31 March 2015 held by the group and the company - £2,928,271

**12. Creditors: amounts falling due within one year**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans and overdrafts	4,962,037	9,935,000	4,962,037	9,935,000
Trade creditors	1	6,966	-	6,967
Amounts owed to group undertakings	-	-	-	15,920,631
Taxation and social security	347,974	1,650,426	325,268	11,745
Other creditors	908,430	711,373	590,816	637,047
	<u>6,218,442</u>	<u>12,303,765</u>	<u>5,878,121</u>	<u>26,511,390</u>

**13. Creditors: amounts falling due after more than one year**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Bank loans	1,090,000	1,175,000	1,090,000	1,175,000
Other creditors	9,724,000	-	-	-
	<u>10,814,000</u>	<u>1,175,000</u>	<u>1,090,000</u>	<u>1,175,000</u>

Amounts falling due in more than five years:

	Group	
	2015	2014
	£	£
Repayable otherwise than by instalments		
Debentures more 5yr non-instal	<u>9,724,000</u>	<u>-</u>

**SALAFT PROPERTIES LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 March 2015**

**14. Secured debts**

The following secured debts are included within creditors:

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Debentures	9,724,000	-	-	-
Bank loans	6,025,000	11,110,000	6,025,000	11,110,000
	<u>15,749,000</u>	<u>11,110,000</u>	<u>6,025,000</u>	<u>11,110,000</u>

The bank loans have been secured by first legal charge on some of the leasehold and freehold property of the company.

The debenture loan of £9,724,000 is secured over the investment properties held by the subsidiary Salaft Property Investments Ltd. The lenders have a charge over the company's shares in Salaft Property Investments Ltd.

**15. Provisions for liabilities**

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Deferred tax				
Accelerated capital allowances	441,230	411,867	316,466	295,093
	<u>441,230</u>	<u>411,867</u>	<u>316,466</u>	<u>295,093</u>

**Group**

	Deferred tax £
Balance at 1 April 2014	411,867
To profit and loss account	29,363
Balance at 31 March 2015	<u>441,230</u>

**Company**

	Deferred tax £
Balance at 1 April 2014	295,093
To profit and loss account	21,373
Balance at 31 March 2015	<u>316,466</u>

**16. Called up share capital**

**Allotted, issued and fully paid:**

Number:	Class:	Nominal value:	2015 £	2014 £
38,000	Ordinary	£1	<u>38,000</u>	<u>38,000</u>

**SALAFT PROPERTIES LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 March 2015**

**17. Reserves**

<b>Group</b>	<b>Profit and loss account £</b>	<b>Share premium £</b>	<b>Investment revaluation reserve £</b>	<b>Totals £</b>
At 1 April 2014	31,580,123	98,557	6,621,496	38,300,176
Profit for the year	1,727,029			1,727,029
Surplus on revaluation of investment properties	-	-	1,433,100	1,433,100
Movement in year	(1,412,353)	-	1,412,353	-
<b>At 31 March 2015</b>	<b>31,894,799</b>	<b>98,557</b>	<b>9,466,949</b>	<b>41,460,305</b>

<b>Company</b>	<b>Profit and loss account £</b>	<b>Share premium £</b>	<b>Investment revaluation reserve £</b>	<b>Totals £</b>
At 1 April 2014	14,575,830	98,557	8,033,848	22,708,235
Profit for the year	17,963,246			17,963,246
Net revaluation surplus realised on sale of investment property	2,392,793	-	(2,392,793)	-
Surplus on revaluation of investment properties	-	-	650,000	650,000
<b>At 31 March 2015</b>	<b>34,931,869</b>	<b>98,557</b>	<b>6,291,055</b>	<b>41,321,481</b>

The Directors considered the temporary diminution in valuation of one of the Group's properties to be permanent, resulting in a transfer of £1,412,353 from the revaluation reserve to the profit and loss reserve. The Directors are hopeful value will recover in time.

A tax liability does not arise when revaluation amounts are taken to revaluation reserve. A tax liability may or may not arise on the disposal of the assets at a future date, depending on the value realised at that time. For this reason no provision is made in the accounts for a potential future tax liability on disposal. The potential tax liability, had all the revalued assets been disposed at the balance sheet date, at the valuation stated, is given in note 5.

**18. Contingent liabilities**

A contingent liability exists in respect of a guarantee provided by the company in the ordinary course of business of loans totalling £500,000 from The Salaft Properties Limited EFRBS to The Salaft Properties Limited Decanting EFRBS. The directors are of the opinion that no provision for this amount should be recognised in the financial statements as no transfer of funds to settle this obligation is probable at the year end.

The subsidiary Salaft Property Investments Ltd has borrowed money under a facility agreement with a consortium of third party lenders. The borrowers under the facility agreement are both the company and the related party SSBB LLP. The total facility was drawn down and amounted to £12,000,000 of which £2,276,000 has been allocated as being for SSBB LLP and the remaining £9,724,000 treated as relating to the company.

The £2,276,000 allocation to SSBB LLP was based on the loan to value ratio in respect of the properties owned by SSBB LLP that were secured against the borrowing under the facility.

If SSBB LLP were unable to repay the £2,276,000 in full the lenders would claim against the company for the shortfall. However, it is not anticipated that there will be a shortfall.

**SALAFI PROPERTIES LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 March 2015**

**19. Directors' advances, credits and guarantees**

The following advances and credits to directors subsisted during the years ended 31 March 2015 and 31 March 2014:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>L F Small</b>		
Balance outstanding at start of year	2,345,382	753,932
Amounts advanced	526,211	2,429,135
Amounts repaid	(107,195)	(837,685)
Balance outstanding at end of year	<u>2,764,398</u>	<u>2,345,382</u>
<b>R G Baum</b>		
Balance outstanding at start of year	144,349	283,245
Amounts advanced	129,601	339,744
Amounts repaid	(84,669)	(478,640)
Balance outstanding at end of year	<u>189,281</u>	<u>144,349</u>
<b>Mrs A S Baum</b>		
Balance outstanding at start of year	4,315	1,989
Amounts advanced	34,047	10,744
Amounts repaid	-	(8,418)
Balance outstanding at end of year	<u>38,362</u>	<u>4,315</u>



## SALAFT PROPERTIES LIMITED

### Notes to the Consolidated Financial Statements - continued for the year ended 31 March 2015

#### 20. Related party disclosures

The company is controlled by the majority shareholder, L F Small.

At 31 March 2015 the company was owed £2,764,399 by L F Small (2014: £2,345,382). No interest was charged for the year (2014: £nil). No dividend was paid to LF Small during the year (2014: £759,474).

At 31 March 2015 the company was owed £179,809 by R Baum (2014: £144,349). No interest was charged during the year (2014: £nil). No dividend was paid to R Baum during the year (2014: £350,526).

At 31 March 2015 the company was owed £38,363 by A Baum (2014: £4,315). No interest was charged during the year (2014: £nil).

At 31 March 2015 the company owed Mrs H Small £14,238 (2014: debtor £2,848). No interest was charged during the year (2014: £nil).

The company participates in property dealing and investing activities with other partners, including L F Small and R Baum. The amount owed to the company by the partnership at the year end amounted to £13,626,235 (2014: £13,046,168). In the past this has been treated as a joint arrangement not through an entity and the balance split between stock and other debtors, depending on the nature of the contribution, however during the year a formal partnership agreement was entered into, so this activity has now been treated as a participating interest. The partnership trades under the name Titan Property Group. The profit realised from the partnership this year amounted to £1,611,853 (2014: £708,884) during the year.

At 31 March 2015 the company owed £29,453 (2014: £27,150) to Radbourne Racing (Wimbledon) Limited a company controlled by Mr L F Small and Mrs H M Small. No interest was charged during the year (2014:£nil).

At 31 March 2015 the company was owed £278 (2014: £278) by North Central Properties Ltd a company of which R G Baum is a directors. No interest was charged during the year (2014: £nil).

At 31 March 2015 the company was owed £365,836 (2014: £317,325) by Epsom Property Developments Ltd a company of which L F Small is a director. No interest was charged during the year (2014: £nil).

During the year the company recovered £683,508 in respect of a £1,1045,610 debt previously written off as a bad debt in respect of Surbiton Property Developments Ltd a company of which L F Small was a director.

On 15th July 2013, the Company contracted to purchase trust interests in possession from Russell Gavin Baum and Lincoln Fraser Small respectively, both ultimate shareholders of the Company, for consideration of £1,950,000 in total, payable on completion of the agreements. The agreements are due to complete in three equal annual instalments, the first completion date being 1st March 2014, under both agreements. The directors consider that these were arm's length transactions made at market value.

During 2014, the Company resolved to defer completion of the contracts and therefore the agreements are due to complete in three equal annual instalments, the first completion date being 1st March 2015, under both agreements.

During the year the subsidiary Salaft Property Investments Limited purchased properties from the company and borrowed money under a facility agreement with a consortium of third party lenders. The borrowers under the facility agreement are both the subsidiary and the related party SSBB LLP, of which the company and the directors L F Small and R G Baum are members. The total loan facility was drawn down and amounted to £12,000,000 of which £2,276,000 has been allocated as being for SSBB LLP and the remaining £9,724,000 treated as relating to Salaft Property Investments Limited. The £2,276,000 allocation to SSBB LLP was based on the loan to value ratio in respect of the properties that were secured against the borrowing under the facility.

At 31 March 2015 SSBB LLP owed Salaft Property Investments Ltd £1,226,792 (2014 nil), of which £1.2m related to a drawdown of the joint facility held in an SSBB LLP bank account over which the security agent to the consortium of lenders has a block under the terms of the debenture. It is expected that permission for the release and transfer of these funds will take place in the very near future. In addition the company is owed £936,160, bringing a total owed by SSBB LLP to the Group of £2,162,952 (2014: £nil)

Two properties are registered in the joint names of group companies and L F Small. Only the Group's share of the total market value is reflected in the balance sheet of the Group. The lender has a charge against the whole of those properties.

**SALAFT PROPERTIES LIMITED**

**Notes to the Consolidated Financial Statements - continued  
for the year ended 31 March 2015**

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**21. Post balance sheet events**

Subsequent to the year end the company was in receipt of an advance payment notice (APN) in relation to a corporation tax arrangement which is notifiable under the disclosure of tax avoidance scheme (DOTAS) rules. In the view of the Directors, the company need not provide for any additional liability as, given all the available evidence, they believe that HMRC will not be successful in their challenge of the arrangements made.

**22. Ultimate controlling party**

The controlling party is L F Small.