

REGISTERED NUMBER: 00628277 (England and Wales)

**Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 March 2016
for
SALAFT PROPERTIES LIMITED**



**Contents of the Consolidated Financial Statements
for the year ended 31 March 2016**

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Consolidated Profit and Loss Account	6
Consolidated Statement of Total Recognised Gains and Losses	7
Consolidated Balance Sheet	8
Company Balance Sheet	10
Notes to the Consolidated Financial Statements	12

SALAFT PROPERTIES LIMITED

**Company Information
for the year ended 31 March 2016**

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

**Report of the Directors
for the year ended 31 March 2016**

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2016.

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 2015 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

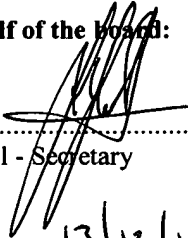
The auditors, Haines Watts, will be proposed for re-appointment at the forthcoming Annual General Meeting.

SALAFT PROPERTIES LIMITED

**Report of the Directors
for the year ended 31 March 2016**

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

On behalf of the board:



.....
L F Small - Secretary

Date: 13/12/16

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

We have audited the financial statements of Salaft Properties Limited for the year ended 31 March 2016 on pages six to twenty seven. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective January 2015) (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 2016 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: *12/12/16*

SALAFT PROPERTIES LIMITED

**Consolidated Profit and Loss Account
for the year ended 31 March 2016**

	Notes	31.3.16 £	31.3.15 £
Turnover			
Group and share of joint ventures		6,772,445	4,064,445
Less:			
Share of joint ventures' turnover		(4,359,011)	(1,585,233)
Group turnover	2	<u>2,413,434</u>	<u>2,479,212</u>
Cost of sales		(827,704)	(1,279,189)
Gross profit		<u>1,585,730</u>	<u>1,200,023</u>
Administrative expenses		(511,448)	(407,873)
Operating profit	3	<u>1,074,282</u>	<u>792,150</u>
Bad debt recovered		-	683,431
		<u>1,074,282</u>	<u>1,475,581</u>
Income from interest in associated undertakings		2,747	(6,155)
Income from joint ventures		874,218	1,611,853
Income from investments		73,580	71,349
Interest receivable and similar income		5,374	8,361
		<u>2,030,201</u>	<u>3,160,989</u>
Provision for diminution in value	4	(316,337)	(89,509)
		<u>1,713,864</u>	<u>3,071,480</u>
Interest payable and similar charges		(694,047)	(966,466)
Profit on ordinary activities before taxation		<u>1,019,817</u>	<u>2,105,014</u>
Tax on profit on ordinary activities	5	(233,910)	(377,986)
Profit for the financial year for the group		<u><u>785,907</u></u>	<u><u>1,727,028</u></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 2016**

	31.3.16	31.3.15
	£	£
Profit for the financial year	785,907	1,727,028
Surplus on revaluation of properties	7,914,553	1,433,100
Tax attributed to revaluation surplus		
Total recognised gains and losses relating to the year	<u>8,700,460</u>	<u>3,160,128</u>

The notes form part of these financial statements

SALAFT PROPERTIES LIMITED (REGISTERED NUMBER: 00628277)

**Consolidated Balance Sheet
31 March 2016**

	Notes	£	2016 £	£	2015 £
Fixed assets					
Tangible assets	8		45,011,516		33,005,327
Investments	9				
Interest in joint venture					
Share of gross assets			4,741,240		4,399,639
Share of gross liabilities			<u>(4,741,240)</u>		<u>(4,399,639)</u>
Interest in associate			35		35
Other investments			<u>17,529,855</u>		<u>15,852,871</u>
			62,541,406		48,858,233
Current assets					
Debtors	10	1,981,219		4,210,759	
Investments	11	2,109,407		2,416,734	
Cash at bank		<u>4,019,983</u>		<u>3,486,251</u>	
			8,110,609	10,113,744	
Creditors					
Amounts falling due within one year	12	<u>9,037,973</u>		<u>6,218,443</u>	
Net current (liabilities)/assets			<u>(927,364)</u>		<u>3,895,301</u>
Total assets less current liabilities			61,614,042		52,753,534
Creditors					
Amounts falling due after more than one year	13		(11,673,012)		(10,814,000)
Provisions for liabilities	15		<u>(473,765)</u>		<u>(441,230)</u>
Net assets			<u><u>49,467,265</u></u>		<u><u>41,498,304</u></u>
Capital and reserves					
Called up share capital	16		38,000		38,000
Share premium	17		98,557		98,557
Investment revaluation reserve	17		17,381,502		9,466,949
Profit and loss account	17		<u>31,949,206</u>		<u>31,894,798</u>
Shareholders' funds			<u><u>49,467,265</u></u>		<u><u>41,498,304</u></u>

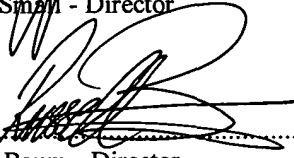
The notes form part of these financial statements

Consolidated Balance Sheet - continued
31 March 2016

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Directors on13/12/16..... and were signed on its behalf by:


.....
L F Smith - Director


.....
R G Baum - Director

SALAFI PROPERTIES LIMITED (REGISTERED NUMBER: 00628277)

**Company Balance Sheet
31 March 2016**


	Notes	31.3.16		31.3.15	
		£	£	£	£
Fixed assets					
Tangible assets	8		29,372,242		20,574,327
Investments	9		17,416,281		14,626,214
			<u>46,788,523</u>		<u>35,200,541</u>
Current assets					
Debtors	10	6,990,315		8,037,917	
Investments	11	2,109,407		2,416,734	
Cash at bank		2,324,703		2,988,876	
		<u>11,424,425</u>		<u>13,443,527</u>	
Creditors					
Amounts falling due within one year	12	8,617,444		5,878,121	
			<u>2,806,981</u>		<u>7,565,406</u>
Net current assets					
			<u>49,595,504</u>		<u>42,765,947</u>
Creditors					
Amounts falling due after more than one year	13		(1,949,012)		(1,090,000)
Provisions for liabilities	15		(312,588)		(316,466)
			<u>47,333,904</u>		<u>41,359,481</u>
Net assets					
			<u>47,333,904</u>		<u>41,359,481</u>
Capital and reserves					
Called up share capital	16		38,000		38,000
Share premium	17		98,557		98,557
Investment revaluation reserve	17		12,370,785		6,291,055
Profit and loss account	17		34,826,562		34,931,869
			<u>47,333,904</u>		<u>41,359,481</u>
Shareholders' funds					
			<u>47,333,904</u>		<u>41,359,481</u>


The notes form part of these financial statements

Company Balance Sheet - continued
31 March 2016

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Directors on13/12/16..... and were signed on its behalf by:


.....
L F Small - Director


.....
R G Baum - Director

SALAFT PROPERTIES LIMITED

Notes to the Consolidated Financial Statements for the year ended 31 March 2016

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 January 2015).

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 March 2017. The directors have no reason to believe the facility will not be renewed.

Also included within creditors due in more than one year is a bank loan of £1.09 million that fell due for repayment by 21 November 2016. The Directors have been in negotiation with the bank for refinancing the loan and have accepted the offer of a new loan facility by the bank, subject to an updated professional property valuation.

The financial statements do not include any adjustments which may 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 2016. 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. There was no income from such joint arrangements during the year (2015 £nil).

Property management fees receivable, recognised as they accrue.

SALAFT PROPERTIES LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 March 2016

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

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').

SALAFT PROPERTIES LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2016**

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:

	31.3.16	31.3.15
	£	£
Rents receivable	2,410,306	2,476,812
Other	3,128	2,400
	2,413,434	2,479,212
	2,413,434	2,479,212

3. Operating profit

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

	31.3.16	31.3.15
	£	£
Depreciation - owned assets	8,948	9,649
Auditors' remuneration	17,452	17,844
Foreign exchange differences	(213)	769
Employer Financed Retirement Benefit Scheme Contribution	-	6,935
	135,400	170,417
	135,400	170,417

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

	31.3.16	31.3.15
	£	£
Provision for diminution in value of current asset investments	316,337	89,509
	316,337	89,509
	316,337	89,509

SALAFT PROPERTIES LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2016**

5. Taxation

Analysis of the tax charge

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

	31.3.16	31.3.15
	£	£
Current tax:		
UK corporation tax	217,236	308,927
Corporation tax in respect of earlier years	(15,861)	39,696
Total current tax	<u>201,375</u>	<u>348,623</u>
Deferred tax:		
Deferred tax arising from timing differences	57,380	33,449
Deferred tax arising from timing differences in earlier years	-	26,054
Deferred tax arising from changes in tax rates	(24,845)	(30,140)
Total deferred tax	<u>32,535</u>	<u>29,363</u>
Tax on profit on ordinary activities	<u><u>233,910</u></u>	<u><u>377,986</u></u>

Factors that may affect future tax charges

During the year the company was in receipt of an accelerated payment notice (APN) in relation to a corporation tax arrangement which was notifiable under the disclosure of tax avoidance scheme (DOTAS) rules. The total value of the APN received amounted to £158,384 and was paid during the year. The payment is included in the balance sheet under the heading other debtors. 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.

Subsequent to the year end the company was in receipt of APNs in relation to tax arrangements which were notifiable under the DOTAS rules. The total value of the APNs received since the year end amounted to £537,509 for PAYE and National Insurance for which corporation tax relief will be due should HMRC's challenges to the schemes be ultimately successful. 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 have been a tax liability of £1.84m (2015 £nil).

The company has sold one of its investment properties since the year end. There was no significant difference between the carrying value of the investment property at 31 March 2016 and the value realised on sale. As the property had not been sold at the year end the tax liability arising on sale is not reflected in the deferred tax provision at the balance sheet date but included in the unprovided tax figure above. After utilising capital losses brought forward it is anticipated that the tax liability arising on the disposal will be in the region of £80,000 but the liability will depend on whether there are capital losses arising in the year to 31 March 2017.

SALAFT PROPERTIES LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2016**

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 £626,193 (2015 - £17,963,246).

7. Dividends

	31.3.16	31.3.15
	£	£
Final	731,500	-
	<u> </u>	<u> </u>

8. Tangible fixed assets

Group

	Land and buildings £	Plant and machinery etc £	Totals £
Cost or valuation			
At 1 April 2015	33,203,577	88,380	33,291,957
Additions	4,072,644	27,940	4,100,584
Disposals	(225,000)	-	(225,000)
Revaluations	7,914,553	-	7,914,553
	<u>44,965,774</u>	<u>116,320</u>	<u>45,082,094</u>
At 31 March 2016			
Depreciation			
At 1 April 2015	225,000	61,630	286,630
Charge for year	-	8,948	8,948
Eliminated on disposal	(225,000)	-	(225,000)
	<u>-</u>	<u>70,578</u>	<u>70,578</u>
At 31 March 2016			
Net book value			
At 31 March 2016	<u>44,965,774</u>	<u>45,742</u>	<u>45,011,516</u>
At 31 March 2015	<u>32,978,577</u>	<u>26,750</u>	<u>33,005,327</u>

Cost or valuation at 31 March 2016 is represented by:

	Land and buildings £	Plant and machinery etc £	Totals £
Valuation in 2016	44,965,774	-	44,965,774
Cost	-	116,320	116,320
	<u>44,965,774</u>	<u>116,320</u>	<u>45,082,094</u>

SALAFT PROPERTIES LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2016**

8. Tangible fixed assets - continued

Group

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

	31.3.16	31.3.15
	£	£
Cost	29,488,144	25,415,500
	<u> </u>	<u> </u>

Investment properties were valued on an open market value basis on 31 March 2016 by the directors.

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

Company

	Land and buildings £	Plant and machinery etc £	Totals £
Cost or valuation			
At 1 April 2015	20,772,577	88,380	20,860,957
Additions	2,699,194	27,940	2,727,134
Disposals	(225,000)	-	(225,000)
Revaluations	6,079,729	-	6,079,729
	<u>29,326,500</u>	<u>116,320</u>	<u>29,442,820</u>
At 31 March 2016			
Depreciation			
At 1 April 2015	225,000	61,630	286,630
Charge for year	-	8,948	8,948
Eliminated on disposal	(225,000)	-	(225,000)
	<u>-</u>	<u>70,578</u>	<u>70,578</u>
At 31 March 2016			
Net book value			
At 31 March 2016	<u>29,326,500</u>	<u>45,742</u>	<u>29,372,242</u>
At 31 March 2015	<u>20,547,577</u>	<u>26,750</u>	<u>20,574,327</u>

Cost or valuation at 31 March 2016 is represented by:

	Land and buildings £	Plant and machinery etc £	Totals £
Valuation in 2016	29,326,500	-	29,326,500
Cost	-	116,320	116,320
	<u>29,326,500</u>	<u>116,320</u>	<u>29,442,820</u>

SALAFT PROPERTIES LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2016**

8. Tangible fixed assets - continued

Company

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

	31.3.16	31.3.15
	£	£
Cost	16,955,715	14,256,523

Investment properties were valued on an open market value basis on 31 March 2016 by the Directors.

All of the land and buildings net book value at 31 March 2016 was in respect of investment properties.

9. Fixed asset investments

	Group		Company	
	31.3.16	31.3.15	31.3.16	31.3.15
	£	£	£	£
Shares in group undertakings	-	-	100	100
Participating interests	35	35	35	35
Loans to undertakings in which the company has a participating interest	14,298,169	15,789,185	14,184,460	14,562,393
Other investments not loans	3,231,686	63,686	3,231,686	63,686
	<u>17,529,890</u>	<u>15,852,906</u>	<u>17,416,281</u>	<u>14,626,214</u>

Additional information is as follows:

Group

	Interest in associate £	Unlisted investments £	Totals £
Cost			
At 1 April 2015	35	63,686	63,721
Additions	-	3,168,000	3,168,000
At 31 March 2016	<u>35</u>	<u>3,231,686</u>	<u>3,231,721</u>
Net book value			
At 31 March 2016	<u>35</u>	<u>3,231,686</u>	<u>3,231,721</u>
At 31 March 2015	<u>35</u>	<u>63,686</u>	<u>63,721</u>

SALAFT PROPERTIES LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2016**

9. Fixed asset investments - continued

Company	Shares in group undertakings £	Interest in associate £	Unlisted investments £	Totals £
Cost				
At 1 April 2015	100	35	63,686	63,821
Additions	-	-	3,168,000	3,168,000
At 31 March 2016	<u>100</u>	<u>35</u>	<u>3,231,686</u>	<u>3,231,821</u>
Net book value				
At 31 March 2016	<u>100</u>	<u>35</u>	<u>3,231,686</u>	<u>3,231,821</u>
At 31 March 2015	<u>100</u>	<u>35</u>	<u>63,686</u>	<u>63,821</u>

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		
Ordinary shares	100.00	31.3.16	31.3.15
		£	£
Aggregate capital and reserves		2,133,462	138,924
Profit/(loss) for the year		<u>470,538</u>	<u>(253,117)</u>

SALAFT PROPERTIES LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2016**

9. Fixed asset investments - continued

Joint venture

Titan Property Group

Nature of business: Property dealing and investment

	%		
Class of shares:	holding		
Unincorporated	35.00	31.3.16	31.3.15
		£	£
Profit for the year		<u>1,887,616</u>	<u>3,483,998</u>

The company is a partner in the Titan Property Group Partnership. All partners are required to provide mutual consent on key decisions. The Company has no fixed 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 was £13,245,555 (2015 £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%:-

	2016	2015
	£	£
Share of gross assets	4,741,240	4,399,565
Share of gross liabilities	<u>4,741,240</u>	<u>4,399,565</u>
Share of net assets	<u><u>-</u></u>	<u><u>-</u></u>

Associated company

SSBB LLP

Nature of business: Property investment

	%		
Class of shares:	holding		
Capital account	35.00	31.3.16	31.3.15
		£	£
Aggregate capital and reserves		100	100
Profit/(loss) for the year		<u>7,846</u>	<u>(17,587)</u>

The investment in SSBB LLP comprises the company capital account of £35 (2015 £35), the remaining balance is invested via loan to SSBB LLP. The loan from the Company at the year end was £938,905 (2015 £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 at 31 March 2016 was £1,052,614 (2015 £2,162,950).

SALAFT PROPERTIES LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2016**

**9. Fixed asset investments - continued
Group**

	Loans to associates £	Loans to joint ventures £	Totals £
At 1 April 2015	2,162,951	13,626,234	15,789,185
New in year	-	1,604,398	1,604,398
Repayment in year	(1,110,337)	(1,985,077)	(3,095,414)
At 31 March 2016	<u>1,052,614</u>	<u>13,245,555</u>	<u>14,298,169</u>

Company

	Loans to associates £	Loans to joint ventures £	Totals £
At 1 April 2015	936,159	13,626,234	14,562,393
New in year	2,746	1,604,398	1,607,144
Repayment in year	-	(1,985,077)	(1,985,077)
At 31 March 2016	<u>938,905</u>	<u>13,245,555</u>	<u>14,184,460</u>

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

10. Debtors

	Group		Company	
	31.3.16 £	31.3.15 £	31.3.16 £	31.3.15 £
Amounts falling due within one year:				
Trade debtors	294,855	284,708	120,314	228,668
Amounts owed by group undertakings	-	-	220,000	-
Other debtors	1,527,979	3,926,051	1,403,578	3,893,196
	<u>1,822,834</u>	<u>4,210,759</u>	<u>1,743,892</u>	<u>4,121,864</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	5,088,038	3,916,053
Other debtors	158,385	-	158,385	-
	<u>158,385</u>	<u>-</u>	<u>5,246,423</u>	<u>3,916,053</u>
Aggregate amounts	<u>1,981,219</u>	<u>4,210,759</u>	<u>6,990,315</u>	<u>8,037,917</u>

SALAFT PROPERTIES LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2016**

11. Current asset investments

	Group		Company	
	31.3.16	31.3.15	31.3.16	31.3.15
	£	£	£	£
Listed investments	<u>2,109,407</u>	<u>2,416,734</u>	<u>2,109,407</u>	<u>2,416,734</u>

Market value of listed investments at 31 March 2016 held by the group and the company - £2,580,916

12. Creditors: amounts falling due within one year

	Group		Company	
	31.3.16	31.3.15	31.3.16	31.3.15
	£	£	£	£
Bank loans and overdrafts	5,990,988	4,962,037	5,990,988	4,962,037
Trade creditors	288,899	1	212,048	-
Taxation and social security	228,867	347,974	207,351	325,268
Other creditors	2,529,219	908,431	2,207,057	590,816
	<u>9,037,973</u>	<u>6,218,443</u>	<u>8,617,444</u>	<u>5,878,121</u>

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

	Group		Company	
	31.3.16	31.3.15	31.3.16	31.3.15
	£	£	£	£
Bank loans	1,949,012	1,090,000	1,949,012	1,090,000
Other creditors	9,724,000	9,724,000	-	-
	<u>11,673,012</u>	<u>10,814,000</u>	<u>1,949,012</u>	<u>1,090,000</u>

Amounts falling due in more than five years:

	Group	
	31.3.16	31.3.15
	£	£
Repayable otherwise than by instalments		
Debentures more 5yr non-instal	<u>9,724,000</u>	<u>9,724,000</u>

SALAFT PROPERTIES LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2016**

14. Secured debts

The following secured debts are included within creditors:

	Group		Company	
	31.3.16	31.3.15	31.3.16	31.3.15
	£	£	£	£
Bank loans	7,940,000	6,025,000	7,940,000	6,025,000

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	
	31.3.16	31.3.15	31.3.16	31.3.15
	£	£	£	£
Deferred tax				
Accelerated capital allowances	482,980	441,230	321,803	316,466
Tax losses	(9,215)	-	(9,215)	-
	473,765	441,230	312,588	316,466

Group

	Deferred tax £
Balance at 1 April 2015	441,230
To profit and loss account	32,535
Balance at 31 March 2016	473,765

Company

	Deferred tax £
Balance at 1 April 2015	316,466
To profit and loss account	(3,878)
Balance at 31 March 2016	312,588

SALAFT PROPERTIES LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2016**

16. Called up share capital

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.16	31.3.15
		£1	£	£
38,000	Ordinary		38,000	38,000
			<u> </u>	<u> </u>

17. Reserves

Group	Profit and loss account	Share premium	Investment revaluation reserve	Totals
	£	£	£	£
At 1 April 2015	31,894,799	98,557	9,466,949	41,460,305
Profit for the year	785,907			785,907
Dividends	(731,500)			(731,500)
Surplus on revaluation of investment properties	-	-	7,914,553	7,914,553
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2016	<u>31,949,206</u>	<u>98,557</u>	<u>17,381,502</u>	<u>49,429,265</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Company	Profit and loss account	Share premium	Investment revaluation reserve	Totals
	£	£	£	£
At 1 April 2015	34,931,869	98,557	6,291,055	41,321,481
Profit for the year	626,193			626,193
Dividends	(731,500)			(731,500)
Surplus on revaluation of investment properties	-	-	6,079,730	6,079,730
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2016	<u>34,826,562</u>	<u>98,557</u>	<u>12,370,785</u>	<u>47,295,904</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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.

SALAFT PROPERTIES LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 March 2016

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.

Details of the contingent liability in respect of tax payable in respect of accelerated payment notices issued by HMRC are given in the taxation note.

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.

If SSBB LLP were unable to repay their £2,276,000 share of the loan in full, the lenders would claim against Salaft Property Investments Limited for the shortfall. However, it is not anticipated that there will be a shortfall.

19. Directors' advances, credits and guarantees

The following advances and credits to directors subsisted during the years ended 31 March 2016 and 31 March 2015:

	31.3.16	31.3.15
	£	£
L F Small		
Balance outstanding at start of year	2,764,398	2,345,382
Amounts advanced	599,905	526,211
Amounts repaid	(3,364,303)	(107,195)
Balance outstanding at end of year	-	2,764,398
	<u> </u>	<u> </u>
R G Baum		
Balance outstanding at start of year	179,809	144,349
Amounts advanced	177,611	129,601
Amounts repaid	(231,034)	(94,141)
Balance outstanding at end of year	126,386	179,809
	<u> </u>	<u> </u>
Mrs A S Baum		
Balance outstanding at start of year	38,362	4,315
Amounts advanced	-	34,047
Amounts repaid	(38,362)	-
Balance outstanding at end of year	-	38,362
	<u> </u>	<u> </u>

SALAFT PROPERTIES LIMITED

Notes to the Consolidated Financial Statements - continued for the year ended 31 March 2016

20. Related party disclosures

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

At 31 March 2016 the company owed £1,642,970 to L F Small (2015 the company was owed £2,764,398). No interest was charged for the year (2015 £nil). A dividend of £500,500 was paid to L F Small during the year (2015 £nil). During the year the company purchased the 50% interest in a property that the Group previously held jointly with L Small for consideration of £1,310,824. In addition during the year the company purchased from L Small classic cars as an investment for £3,168,000. L Small has given a £2m personal guarantee to one of the company's banks.

At 31 March 2016 the company was owed £126,386 by R Baum (2015 £179,809). No interest was charged during the year (2015: £nil). A dividend of £231,000 was paid to R Baum during the year (2015 £nil).

At 31 March 2016 the company was owed £Nil by A Baum (2015 £38,363). No interest was charged during the year (2015 £nil).

At 31 March 2016 the company owed £25,628 to Mrs H Small (2015 £14,238). No interest was charged during the year (2015 £nil).

At 31 March 2016 the company was owed £442 by L Baum (2015 £1,648). No interest was charged during the year (2015 £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 £13,245,555 (2015 £13,626,235). The partnership trades under the name Titan Property Group. The profit realised from the partnership this year amounted to £874,218 (2015 £1,611,853).

At 31 March 2016 the company owed £31,754 (2015: £29,453) 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 (£2015:£nil).

At 31 March 2016 the company was owed £278 (2015: £278) by North Central Properties Ltd a company of which R G Baum is a director. No interest was charged during the year (£2015: £nil).

At 31 March 2016 the company was owed £375,836 (2015: £365,836) by Epsom Property Developments Ltd , a company of which L F Small is a director. No interest was charged during the year (£2015: £nil).

During the year ended 31 March 2015 the company recovered £683,508 in respect of a £1,045,610 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.

During the year ended 31 March 2015 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.

At 31 March 2016 SSBB LLP owed Salaft Property Investments Ltd £113,709 (2015 £1,226,792 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 had a block under the terms of the debenture), giving a total owed by SSBB LLP to the Group at 31 March 2016 of £1,052,614 (2015: £2,162,951).

One investment property in the Group's balance sheet is registered in joint names with 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 value of the property.

SALAFT PROPERTIES LIMITED

**Notes to the Consolidated Financial Statements - continued
for the year ended 31 March 2016**

21. Post balance sheet events

Subsequent to the year end the company was in receipt of advance payment notices (APN) in relation to a tax arrangements which were notifiable under the disclosure of tax avoidance scheme (DOTAS) rules. The total value of the APNs received since the year end amounted to £537,510. 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.

The company has sold one of its investment properties since the year end. There was no significant difference between the carrying value of the investment property at 31 March 2016 and the value realised on sale. The funds realised from the sale have been reinvested in another investment property.

22. Ultimate controlling party

The controlling party is L F Small.