Soho Estates Limited

Annual report and consolidated financial statements

Registered number 00473566

31 March 2016

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	Portland House 12-13 Greek Street London UK W1D 4DL
Registered auditor	KPMG LLP St Nicholas House 31 Park Row Nottingham NG1 6FQ

Strategic report

Review of the business

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.

Following the year end the decision of the EU referendum has created uncertainty in the UK economy. The group strategy is still to hold property for the long term and the directors do not believe that there is a short to medium term implication on the values of properties held.

This has been a period of considerable activity across our portfolio, with the company entering a development stage of our Estate. Currently we have four projects under way and saw one complete during the 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 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

23 September 2016

Directors' report

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

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 development projects in the United Arab Emirates and Norwich.

Results and dividends

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

The directors recommend the payment of a dividend of £15,000,000 *(2015: £15,117,000)*.

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

	2016	2015
	£000	£000
During the year the group made the following payments:		
Charitable donations	**115**	84

Disclosure of information to auditors

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

23 September 2016

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 2016 set out on pages 6 to 30. 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 2016 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.

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: 27th September 2016

Consolidated profit and loss account and other comprehensive income

for the year ended 31 March 2016

	Note	2016 £000	2015 £000
Turnover	2	**27,550**	26,953
Cost of sales		**(2,000)**	(2,057)
Gross profit		**25,550**	24,896
Administrative expenses		**(3,694)**	(3,734)
Other operating income	6	**75,552**	28,185
Group operating profit		**97,408**	49,347
Group's share of profit of joint ventures	12	**17**	148
Total operating profit		**97,425**	49,495
Other interest receivable and similar income	7	**467**	732
Interest payable and similar charges	8	**(2,968)**	(2,977)
Profit on ordinary activities before taxation		**94,924**	47,250
Tax on profit on ordinary activities	9	**(11,482)**	(8,101)
Profit for the financial year		**83,442**	39,149
Other comprehensive income		**-**	-
Total comprehensive income		**83,442**	39,149

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 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
Fixed assets					
Tangible assets	10		1,033		1,138
Investment property	11		636,224		547,119
Investments in joint ventures	12		139		122
			637,396		548,379
Current assets					
Debtors	13	9,030		10,897	
Cash at bank and in hand	14	11,986		11,929	
		21,016		22,826	
Creditors: amounts falling due within one year	15	(62,816)		(51,923)	
Net current liabilities			(41,800)		(29,097)
Total assets less current liabilities			595,596		519,282
Creditors: amounts falling due after more than one year	16		(69,115)		(69,283)
Provisions for liabilities:					
Deferred taxation	18		(31,901)		(23,861)
Net assets			494,580		426,138
Capital and reserves					
Called up share capital	19		100		100
Share premium account			155,036		155,036
Revaluation reserve			219,776		152,363
Profit and loss account			119,668		118,639
Shareholders' funds			494,580		426,138

These financial statements were approved by the board of directors on 23 September 2016 and were signed on its behalf by:

Mr S Norris
Chairman

Company registered number: 00473566

Company balance sheet
at 31 March 2016

	Note	2016 £000	£000	2015 £000	£000
Fixed assets					
Tangible assets	*10*		**20**		26
Investment property	*11*		**533,083**		445,812
Investments	*12*		**3,656**		3,656
			536,759		449,494
Current assets					
Debtors	*13*	**88,651**		89,865	
Cash at bank and in hand		**11,804**		11,709	
		100,455		101,574	
Creditors: amounts falling due within one year	*15*	**(65,031)**		(54,513)	
Net current assets			**35,424**		47,061
Total assets less current liabilities			**572,183**		496,555
Creditors: amounts falling due after more than one year	*16*		**(69,115)**		(69,283)
Provision for liabilities:					
Deferred taxation	*18*		**(29,079)**		(20,439)
Net asset			**473,989**		406,833
Capital and reserves					
Called up share capital	*19*		**100**		100
Share premium account			**155,036**		155,036
Revaluation reserve			**201,494**		134,582
Profit and loss account			**117,359**		117,115
Shareholders' funds			**473,989**		406,833

These financial statements were approved by the board of directors on 23 September 2016 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 2014	100	155,036	128,746	118,224	402,106
Total comprehensive income for the year					
Profit	-	-	-	39,149	39,149
Transfer to revaluation reserve			28,185	(28,185)	-
Movement in deferred tax on revaluation reserve	-	-	(4,473)	4,473	-
Transfer of depreciation to revaluation reserve			(95)	95	-
	100	155,036	152,363	133,756	441,255
Transactions with owners, recorded directly in equity					
Dividends	-	-	-	(15,117)	(15,117)
Total contributions by and distributions to owners	-	-	-	(15,117)	(15,117)
Balance at 31 March 2015	**100**	**155,036**	**152,363**	**118,639**	**426,138**

	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	-
	100	155,036	219,776	134,668	509,580
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**

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 2014	100	155,036	127,901	115,618	398,655
Total comprehensive income for the year					
Profit	-	-	-	23,295	23,295
Transfer to revaluation reserve	-	-	7,895	(7,895)	-
Movement on deferred tax on revaluation reserve	-	-	(1,214)	1,214	-
	100	155,036	134,582	132,232	421,950
Transactions with owners, recorded directly in equity	-	-	-		
Dividends	-	-	-	(15,117)	(15,117)
Total contributions by and distributions to owners	-	-	-	(15,117)	(15,117)
Balance at 31 March 2015	**100**	**155,036**	**134,582**	**117,115**	**406,833**

	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	-
	100	155,036	201,494	132,359	488,989
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**

Consolidated cash flow statement

for year ended 31 March 2016

	Note	2016 £000	2015 £000
Cash flows from operating activities			
Profit for the year		**83,442**	39,149
Adjustments for:			
Depreciation, amortisation and impairment		**105**	107
Change in value of investment property		**(75,552)**	(28,185)
Interest receivable and similar income		**(467)**	(732)
Interest payable and similar charges		**2,968**	2,977
Joint venture profit		**(17)**	(148)
Taxation		**11,482**	8,101
		21,961	21,269
Decrease/(increase) in trade and other debtors		**1,867**	(157)
Decrease in trade and other creditors		**(3,803)**	(6,556)
		(1,936)	(6,713)
Tax paid		**(3,700)**	(3,704)
Net cash from operating activities		**16,325**	10,852
Cash flows from investing activities			
Interest received		**467**	732
Acquisition of investment property and fixed assets		**(13,553)**	(9,629)
Net cash from investing activities		**(13,086)**	(8,897)
Cash flows from financing activities			
Interest paid		**(2,702)**	(3,015)
Proceeds from new loan		**14,520**	15,216
Dividends paid		**(15,000)**	(15,117)
Net cash from financing activities		**(3,182)**	(2,916)
Net increase/(decrease) in cash and cash equivalents		**57**	(961)
Cash and cash equivalents at 1 April		**11,929**	12,890
Cash and cash equivalents at 31 March		**11,986**	11,929

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.

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 and effective immediately 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.

In the transition to FRS 102 from old UK GAAP, the Group has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Group is provided in note 23.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Fair value or revaluation as deemed cost – The previous GAAP revaluation at transition date has been used as deemed cost for specific investment property.
- Lease incentives – for leases commenced before transition date the Group and Company continued to account for lease incentives under previous UK GAAP.

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 22.

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

The directors have reviewed the profit and cash forecasts for the twelve months from the date of approval of these financial statements. The forecasts show a profit and that a positive cash balance will be maintained. On this basis the directors have prepared the financial statements on a going concern basis.

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 2016. 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 freehold	None
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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.11 Turnover

Turnover represents the amount of property income receivable in the period. Lease incentives are recognised over the duration of the lease term.

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**	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Less than one year	**23,937**	24,071	23,867	24,000
Between one and five years	**82,052**	84,488	82,036	84,402
More than five years	**141,932**	154,167	141,932	154,167
	247,921	262,726	247,835	262,569

Notes *(continued)*

3 Auditor's remuneration

Auditor's remuneration:

	2016 £000	2015 £000
Audit of these financial statements	59	54

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 2016	2015
Number of employees	22	21

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	2,226	2,206
Social security costs	283	281
Contributions to defined contribution plans	176	169
	2,686	2,656

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

	2016 £000	2015 £000
Directors' remuneration	1,623	1,621
Company contributions to money purchase pension plans	139	133
	1,762	1,754

The aggregate of remuneration of the highest paid director was £623,100 *(2015: £623,100)*, and company pension contributions of £50,000 *(2015: £50,000)* were made to a money purchase scheme on his behalf.

	Number of directors 2016	2015
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	3	3

Notes *(continued)*

6 Other operating income

	2016	2015
	£000	£000
Fair value movement on investment property	**75,552**	28,185

7 Other interest receivable and similar income

	2016	2015
	£000	£000
Bank interest	**40**	39
Other interest	**427**	693
Total interest receivable	**467**	732

8 Interest payable and similar charges

	2016	2015
	£000	£000
Loan interest at amortised cost	**2,539**	2,479
Other bank charges and fees	**429**	498
Total other interest payable and similar charges	**2,968**	2,977

9 Taxation

Total tax expense recognised in the profit and loss account

	2016		2015	
	£000	**£000**	£000	£000
Current tax				
Current tax on income for the year		**3,526**		3,687
Adjustments in respect of prior periods		**(84)**		(59)
Total current tax		**3,442**		3,628
Deferred tax (see note 17)				
Origination and reversal of timing differences	**(2,386)**		4,473	
Change in tax rate	**10,426**		-	
Total deferred tax		**8,040**		4,473
Total tax		**11,482**		8,101

Notes *(continued)*

9 Taxation *(continued)*

Reconciliation of effective tax rate

	2016	2015
	£000	£000
Profit for the year	**83,442**	39,149
Total tax expense	**11,482**	8,101
Profit excluding taxation	**94,924**	47,250
Tax using the UK corporation tax rate of 20% (2015: 21%)	**18,985**	9,923
Reduction in tax rate on deferred tax balances	**(2,386)**	-
Other timing differences	**(4,690)**	(1,411)
Income not subject to taxation	**(31)**	(38)
Adjustments in respect of prior periods	**(84)**	-
Expenses not allowable for taxation	**41**	-
Adjustments in respect of prior periods	**-**	(59)
Group relief	**(33)**	(89)
Capital allowances in excess of depreciation	**(320)**	(225)
Total tax expense included in profit or loss	**11,482**	8,101

Reductions in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) were 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 announced in the Budget on 16 Mach 2016. This will reduce the company's future tax charge accordingly.

The deferred tax liability at 31 March 2016 has been calculated based on the substantively enacted rate of 18%.

Notes *(continued)*

10 Tangible fixed assets

Group	Leasehold land and buildings £000	Fixtures, fittings and equipment £000	Total £000
Cost			
Balance at 1 April 2015	1,447	58	1,505
Additions	-	-	-
Balance at 31 March 2016	1,447	58	1,505
Depreciation and impairment			
Balance at 1 April	335	32	367
Depreciation charge for the year	99	6	105
Balance at 31 March	434	38	472
Net book value			
At 31 March 2016	**1,013**	**20**	**1,033**
At 31 March 2015	1,112	26	1,138

Company	Fixtures, fittings and equipment £000	Total £000
Cost		
Balance at 1 April 2015	58	58
Additions	-	-
Balance at 31 March 2016	58	58
Depreciation and impairment		
Balance at 1 April 2015	32	32
Depreciation charge for the year	6	6
Balance at 31 March 2016	38	38
Net book value		
At 31 March 2016	**20**	**20**
At 31 March 2015	26	26

Notes *(continued)*

11 Investment property

Group

	£000
Balance at 1 April 2015	547,119
Additions	13,553
Revaluations	75,552
Balance at 31 March 2016	**636,224**
Historical cost net book value	384,425

Company	£000
Balance at 1 April 2015	445,812
Additions	11,719
Revaluations	75,552
Balance at 31 March 2016	**533,083**
Historical cost net book value	302,516

No item of investment property in the year was valued by an external, independent valuer (2015: £nil). The directors value the portfolio every year.

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 profit or loss. 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.

Notes *(continued)*

12 Fixed asset investments

Group	Interests in joint ventures £000
Share of post acquisition reserves	
At beginning of year	122
Retained profits less losses	17
At end of year	**139**

Company	Shares in group undertakings £000
Cost and net book value	
At 31 March 2016	**3,656**
At 31 March 2015	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.

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	Activity
Soho Estates Development Limited	England and Wales	100	Property
Soho Estates Properties Limited	England and Wales	100	Property
Soho Estates Portfolio Limited	England and Walcs	100	Property
Victor Green Properties Limited	England and Wales	100	Property
Gulf Investor Limited	England and Wales	100	Property
Gulf Investor 101 Limited *	United Arab Emirates	90	Property
Westlegate Developments Limited **	England and Wales	76	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.

Notes *(continued)*

13 Debtors

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Trade debtors	**2,265**	1,538	**2,261**	1,495
Amounts owed by joint ventures	**1,087**	2,920	**-**	-
Amounts owed by other group undertakings	**-**	-	**81,742**	82,604
Other debtors	**4,602**	5,451	**3,691**	4,892
Deferred tax assets (see note 18)	**130**	130	**130**	130
Prepayments and accrued income	**946**	858	**827**	744
	9,030	10,897	**88,651**	89,865

14 Cash and cash equivalents

	2016	2015
	£000	£000
Cash at bank and in hand	**11,986**	11,929
Cash and cash equivalents per cash flow statements	**11,986**	11,929

15 Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Bank loans (note 17)	**40,543**	25,543	**40,543**	25,543
Trade creditors	**2,460**	895	**1,926**	616
Amounts owed to parent undertaking	**11,111**	14,872	**14,086**	17,846
Corporation tax	**309**	611	**280**	739
Taxation and social security	**697**	1,102	**697**	1,102
Other creditors	**1,772**	1,714	**1,649**	1,582
Accruals and deferred income	**5,926**	7,186	**5,850**	7,085
	62,816	51,923	**65,031**	54,513

16 Creditors: amounts falling after more than one year

	Group		Company	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Bank loans (see note 17)	**69,115**	69,283	**69,115**	69,283

Notes *(continued)*

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	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Creditors falling due after more than one year				
Secured bank loans	**69,115**	69,283	**69,115**	69,283
Creditors falling due within less than one year				
Secured bank loans	**40,543**	25,543	**40,543**	25,543

Terms and debt repayment schedule

Group and Company	**Currency**	**Nominal interest rate**	**Year of maturity**	**Repayment schedule**	**2016**	2015
					£000	£000
Barclays loan	**GBP**	**1.95%**	**2020**	**On maturity**	**109,658**	94,826

The loans are secured over the balance sheet of the group.

Notes *(continued)*

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets 2016 £000	2015 £000	Liabilities 2016 £000	2015 £000	Net 2016 £000	2015 £000
Origination and reversal of timing differences	**-**	-	**(31,901)**	(23,861)	**(31,901)**	(23,861)
Other	**130**	130	**-**	-	**130**	130
Net tax assets/(liabilities)	**130**	130	**(31,901)**	(23,861)	**(31,771)**	(23,731)

The reversal of deferred tax liabilities expected to occur in the next reporting period will be due to the change in tax rate which is expected to reduce to 17%

Company	Assets 2016 £000	2015 £000	Liabilities 2016 £000	2015 £000	Net 2016 £000	2015 £000
Origination and reversal of timing differences	**-**	-	**(29,079)**	(20,439)	**(29,079)**	(20,439)
Other	**130**	130	**-**	-	**130**	130
Net tax assets/(liabilities)	**130**	130	**(29,079)**	(20,439)	**(28,949)**	(20,309)

The reversal of deferred tax liabilities expected to occur in the next reporting period will be due to the change in tax rate which is expected to reduce to 17%

Notes *(continued)*

19 Capital and reserves

Share capital

	2016	2015
	£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 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 2016, 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 £1,087,000 (2015: £2,920,000) with Westlegate Developments Limited, a joint venture company. The interest charge on the loan for the year was £330,000 (2015: £504,000) and as at 31 March 2016 the interest debtor is £1,087,000 (2015: £920,000), which is included in the total loan above.

Transactions with key management personnel

Total compensation of key management personnel (the directors) in the year amounted to £1,762,000 (*2014:* £1,754,000).

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 2016, 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.

Notes *(continued)*

21 Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of Soho Estates Holdings Limited who are the ultimate parent company. The ultimate controlling party is the Paul Raymond family trusts.

The largest Company in which the results of the Company are consolidated is that headed by Soho Estates Holdings Limited, 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.

22 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. This is calculated using a director's valuation 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).

23 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the Group's and Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

Group

In preparing its FRS 102 balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Group's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Notes *(continued)*

23 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Reconciliation of equity

Group	Note	1 April 2014 UK GAAP £000	1 April 2014 Effect of transition to FRS 102 £000	1 April 2014 FRS 102 £000	31 March 2015 UK GAAP £000	31 March 2015 Effect of transition to FRS 102 £000	31 March 2015 FRS 102 £000
Fixed assets							
Tangible fixed assets	*a*	1,208	-	1,208	26	1,112	1,138
Investment property	*a*	509,342	-	509,342	548,231	(1,112)	547,119
Investments in joint ventures		3	-	3	122	-	122
		510,553	-	510,553	548,379	-	548,379
Current assets							
Debtors (due with one year)		8,518	-	8,518	10,897	-	10,897
Debtors (due after one year)		2,222		2,222	-	-	-
Cash at bank and in hand		12,890	-	12,890	11,929	-	11,929
		23,630	-	23,630	22,826	-	22,826
Creditors: amounts due within one year		(43,622)	-	(43,622)	(51,923)	-	(51,923)
Net current liabilities		(19,992)	-	(19,992)	(29,097)	-	(29,097)
Creditors: amounts falling due after more than one year		(69,067)		(69,067)	(69,283)	-	(69,283)
Provision for liabilities:							
Deferred taxation	*b*	-	(19,388)	(19,388)	-	(23,861)	(23,861)
Net assets		421,494	(19,388)	402,106	449,999	(23,861)	426,138
Capital and reserves							
Called up share capital		100	-	100	100	-	100
Share premium account		155,036	-	155,036	155,036	-	155,036
Revaluation reserve	*b*	148,134	(19,388)	128,746	176,319	(23,956)	152,363
Profit and loss account		118,224	-	118,224	118,544	95	118,639
Shareholders' equity		421,494	(19,388)	402,106	449,999	(23,861)	426,138

Notes to the reconciliation of equity

a) Leasehold properties are held under an operating lease and have taken the option available to treat these as tangible fixed assets and depreciate to £nil until over the life of the lease.

b) Under FRS 102, deferred taxation arises where there is a timing difference between base cost and valuation.

Notes *(continued)*

23 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Reconciliation of profit for 2015

	Note	UK GAAP £000	2015 Effect of transition to FRS 102 £000	FRS 102 £000
Turnover		26,953	-	26,953
Cost of sales		(2,057)	-	(2,057)
Gross profit		24,896	-	24,896
Administrative expenses		(3,734)	-	(3,734)
Other operating income	*a*	-	28,185	28,185
Group operating profit		21,162	28,185	49,347
Group's share of profits in joint ventures		148	-	148
Total operating profit		21,310	28,185	49,495
Other interest receivable and similar income		732	-	732
Interest payable and similar charges		(2,977)	-	(2,977)
Profit on ordinary activities before taxation		19,065	28,185	47,250
Taxation	*b*	(3,628)	(4,473)	(8,101)
Tax on profit on ordinary activities after taxation		15,437	23,712	39,149

Notes to the reconciliation of profit

a) Revaluation gains under FRS 102 are required to be presented through the profit and loss account.

b) Under FRS 102, deferred taxation arises where there is a timing difference between base cost and valuation.

Company

In preparing their FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Notes *(continued)*

22 Explanation of transition to FRS 102 from old UK GAAP *(continued)*

Reconciliation of equity

	Note	1 April 2014 UK GAAP £000	1 April 2014 Effect of transition to FRS 102 £000	1 April 2014 FRS 102 £000	**31 March 2015 UK GAAP £000**	**31 March 2015 Effect of transition to FRS 102 £000**	**31 March 2015 FRS 102 £000**
Fixed assets							
Tangible fixed assets		32	-	32	**26**	-	**26**
Investment properties		3,656		3,656	**3,656**		**3,656**
Investments		430,467	-	430,467	**445,812**	-	**445,812**
		434,155	-	434,155	**449,494**	-	**449,494**
Current assets							
Debtors (due with one year)		86,144	-	88,366	**89,865**	-	**89,865**
Debtors (due after one year)		2,222	-	2,222	**-**	-	**-**
Cash at bank and in hand		12,723	-	12,723	**11,709**	-	**11,709**
		101,089	-	101,089	**101,574**	-	**101,574**
Creditors: amounts due within one year		(48,297)	-	(48,297)	**(54,513)**	-	**(54,513)**
Net current assets		52,792	-	52,792	**47,061**	-	**47,061**
Creditors: amounts falling due after more than one year		(69,067)		(69,067)	**(69,283)**	-	**(69,283)**
Provisions for liabilities:							
Deferred taxation	*a*	-	(19,225)	(19,225)	**-**	**(20,439)**	**(20,439)**
Net assets		417,880	(19,225)	398,655	**427,272**	**(20,439)**	**406,833**
Capital and reserves							
Called up share capital		100	-	100	**100**	-	**100**
Share premium account		155,036	-	155,036	**155,036**	-	**155,036**
Revaluation reserve	*a*	147,126	(19,225)	127,901	**155,021**	**(20,439)**	**134,582**
Profit and loss account		115,618	-	115,618	**117,115**	-	**117,115**
Shareholders' equity		417,880	(19,225)	398,655	**427,272**	**(20,439)**	**406,833**

Notes to the reconciliation of equity

a) Under FRS 102, deferred taxation arises where there is a timing difference between base cost and valuation.