Glenstone

Property Group

Annual Report 2016

GLENSTONE PROPERTY PLC

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GLENSTONE PROPERTY PLC

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GLENSTONE PROPERTY PLC

COMPANY INFORMATION

Directors	D J Kennedy (Managing Director)	
	P C Schorb FCCA (Finance Director)	
	C L Powell MRICS (Chairman)	
	B P Green MRICS (Property Director)	
	A A Khan	(Appointed 1 February 2016)
	A C Smith BSc MRICS	(Appointed 1 February 2016)
	R Shaunak FCA CTA	(Appointed 24 February 2016)
Secretary	P C Schorb FCCA	
Company number	00986343	
Registered office	St John's House East Street Leicester LE1 6NB	
Auditors	Clear & Lane Limited 340 Melton Road Leicester LE4 7SL	
Bankers	Lloyds Bank plc 2nd Floor 125 Colmore Row Birmingham B3 3SF	
Solicitors	Spearing Waite LLP 34 Pocklingtons Walk Leicester LE1 6BU	

COMPANY INFORMATION

Solicitors	Druces LLP Salisbury House London Wall London EC2M 5PS
Valuers	Jones Lang Lasalle Ltd Chartered Surveyors 30 Warwick Street London W1B 5NH

GLENSTONE PROPERTY PLC

CHAIRMAN'S STATEMENT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 JANUARY 2016

This has been a very exciting and historic year for Glenstone Property Plc. After much hard work, due diligence and considerable cost, the Board was delighted the proposal to merge Glenstone Property Plc with the London and Surrey Group received unanimous approval from the Glenstone shareholders on the 26 January 2016. The companies officially merged on the 1 February 2016 doubling the size of the business and diversifying the existing portfolio.

The headline profit before taxation of £3.61m (2015: £4.41m) comes as a result of several one-off factors. Although there were some good property sales the one off sale of a property in Newmarket last year could not be replicated. The costs of the successful merger with London & Surrey were also a contributory factor. There was also a reduction of approximately £0.5m in rental income due to lease expiries during the year and the loss of income from property sales. I am pleased to report that after some difficult negotiations most shop leases were renewed or the properties were relet. Some rent free periods were granted and these properties are now income producing.

This year’s figures and last year’s comparatives have been significantly altered by the implementation of a new accounting standard, FRS 102. There have been numerous changes to disclosures within the notes to the accounts but the most material change has been the recognition of the Company’s £10m bank SWAP as a liability. Previously this figure was only shown as a note but now the new standard requires the fair value of the SWAP to be compared to its notional value both in this year’s and the previous two year’s comparative figures. This has resulted in a notional cost to the group in 2015 of £158,000, followed by a notional credit of £278,000 in 2016 as the SWAP’s expiry date in 2019 approaches.

The management team has been concentrating on negotiating lease renewals and re-letting properties and concluded 22 transactions last year. There has been some positive news on the letting front. A shop in Ormskirk, which had been vacant for two years following the failure of Bonmarche, was let after a successful planning application for a change of use to a Starbucks franchise. A profitable sale was then completed showing an excellent profit. A shop in Newport IOW was left in a dreadful state by Arcadia but after carrying out substantial repairs (the cost of which were reclaimed back from the tenant), the shop was let to Specsavers on a new 10 lease providing a substantial improvement to the capital value.

As merger discussions were continuing throughout the year, with no certainty that the deal would go through, the Executive team continued the task of reshaping the existing portfolio. Investments were sold in Ely, Newton Abbott, Sherborne, Leamington, Ormskirk, Haverfordwest, Nottingham, Coalville and Moulton Park at good prices above valuation. Three excellent shop investments were purchased; a Clintons in Taunton, a W H Smith in Bishops Stortford and a Superdrug in Alnwick, all with growth potential and attractive initial yields. These purchases and the asset management initiatives carried out throughout the year have been reflected in an increase in the capital value of the portfolio.

We hope the upcoming rates revaluation will reduce the occupational costs for some of our tenants who, over the last 8 years, have been paying artificially high rates based on historic values.

Although there was less income for distribution the Board decided to release some property gains from the year as a special bonus. I am therefore pleased to report that a final property income distribution (PID) of 50.95p per share was paid on 8 April 2016, which results in a total PID of 73.95p per share for 2016 (2015: 66.16p). This is the largest annual distribution in the history of the Company.

I would like to thank the Executive team at St John's House for all their hard work and contribution. The new Board is now focussed on integrating the new business and formulating a new strategy for the Glenstone Group. Due to other work commitments John Nugent resigned as a Non-Executive Director and I would like to thank him for his excellent contribution over the past 12 years. His wisdom and wise council have been invaluable. I am pleased to report that the Board has appointed Rakesh Shaunak to be his replacement as a Non-Executive Director. Rakesh is a Managing Partner of MHA MacIntyre Hudson, a top 20 independent accountancy firm. Rakesh will be Chairman of the Audit committee and a member of the Remuneration committee.

Exciting times are ahead for the new Group and we look forward to discussing further progress with you at the AGM at the Leicestershire Golf Club on 17th June 2016.

By order of the board

C L Powell MRICS
Chairman
9 May 2016

GLENSTONE PROPERTY PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2016

The Directors have pleasure in submitting their Annual Report and Financial Statements for the year ended 31 January 2016 which were approved on 9 May 2016 for submission to the Annual General Meeting.

Activities
The principal activity of the Group continued to be that of property investment, development and trading.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D J Kennedy (Managing Director)	
P C Schorb FCCA (Finance Director)	
J H Nugent	(Resigned 29 January 2016)
C L Powell MRICS (Chairman)	
B P Green MRICS (Property Director)	
A A Khan	(Appointed 1 February 2016)
A C Smith BSc MRICS	(Appointed 1 February 2016)
R Shaunak FCA CTA	(Appointed 24 February 2016)

In accordance with the Articles of Association, Messrs P C Schorb and B P Green retire, and being eligible, offer themselves for re-election. A C Smith, A A Khan and R Shaunak have been appointed since the last Annual General Meeting and accordingly will offer themselves for re-election at the AGM.

Results for the year and distributions
The Group results for the year are set out in the consolidated profit and loss account on page 14.

An interim property income distribution of 23.0p per share was paid on 9 October 2015. The Directors now recommend the payment of a final distribution of 50.95p per share. The proposed final distribution was paid on 8 April 2016 to ordinary shareholders on the register at the close of business on 31 January 2016.

Directors'and Officers' liability insurance
During the year the Company purchased and maintained liability insurance for its Directors and Officers as permitted by Section 234 of the Companies Act 2006.

Supplier payment policy
It is the policy of the Group and the Company to agree payment terms with suppliers when entering into each transaction or series of transactions to ensure that suppliers are made aware of these terms and abide by them. Creditor days at the end of the year for the Group were 7 days (2015 - 7 days) and for the Company were 7 days (2015 - 7 days).

Fixed assets
Details of movements in fixed assets are set out in Note 15 to the accounts.

Share Capital

There were no changes in the Company's issued share capital during the year as set out in the Statement of changes in Equity on pages 18 to 21.

Taxation

The Company is not a close company.

Charitable donations

During the year the Company made charitable donations of £5,000 (2015 - £5,000). The Group made no political contributions in either year.

Financial instruments

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts and bank loans. The Group seeks to minimise the risk of fluctuating interest rates by using a revolving credit facility to match its property holdings and commitments and by using interest rate swaps to protect floating rate borrowings.

Statement of disclosure to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

P C Schorb FCCA (Finance Director)
Secretary
9 May 2016

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2016

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 company, 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;
- 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group’s and company’s transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is committed to maintaining high standards of corporate governance within the Group. The Company's issued share capital is listed on the Channel Islands Securities Exchange Authority (CISE).

Although the combined code on corporate governance issued in 2006 does not apply to companies listed on CISE, Shareholders expect companies in which they invest to be properly governed. The Board of Directors believe that the features of good corporate governance apply as much in the interests of smaller companies as they do to larger companies. The Board have therefore decided to follow a simple set of guidelines for corporate governance as set out by the Quoted Companies Alliance ("QCA").

The main features of corporate governance include:

a) **Efficient Management**

- It should be clear where responsibility lies for the management of the company and for the achievement of the key tasks.
- Procedures should be in place to protect the company's assets.
- The basis on which key decisions are taken should be transparent.
- There should be a vision of what the company is trying to achieve and an understanding of what is required to achieve this target.

b) **Effective Management**

- The Board should possess the appropriate skills and experience in order to make the key decisions expected of it.
- Decisions should be taken using the information which is accurate, sufficient, timely and clear.
- The collective responsibility of the Board requires all Directors to be involved in the process of making significant decisions.

c) **Benefit of all Shareholders over the Longer Term**

- Vested interests should not be able to act in a manner contrary to the common good of all Shareholders.
- Transactions with Management, key Shareholders and other related parties should be reported.
- A dialogue should exist between Shareholders and the Board, so that each party is aware of the other's objectives and so that the Shareholders are aware of any constraints on the company.

Board of Directors

Christopher Powell
Non-Executive Chairman (Aged 55)
Joined the company in January 2012. Currently a consultant to Jones Lang LaSalle Ltd having previously been the Chairman of the Retail Group at Jones Lang Lasalle Ltd. Earlier he was the CEO of Churston Heard.

Duncan Kennedy
Managing Director (Aged 50)
Joined the company in 1993 and appointed a Director in February 1995 and Managing Director in 1997. He has overall responsibility for all investment and trading business.

Paul Schorb FCCA
Finance Director and Company Secretary (Aged 59)
Joined the company in November 1996. Appointed as Company Secretary in March 1997 and as Finance Director in October 2008.

Ben Green MRICS
Property Director (Aged 42)
Appointed a Director of Glenstone Property on 19 March 2012. Previously he had been a partner at Kitchen La Frenais Morgan.

Adam Smith MRICS
Director (Aged 35)
Appointed a Director of Glenstone Property on 1 February 2016. Formerly the Managing Director of the London & Surrey Property Group of Companies. Earlier an investment and leasing agent with Edwin Hill, Chartered Surveyors.

Asim Khan
Director (Aged 32)
Appointed a Director of Glenstone Property on 1 February 2016. Formerly a Director of the London & Surrey Property Group of Companies.

Rakesh Shaunak FCA CTA
Non Executive Director (Aged 60)
Appointed a Director of Glenstone Property on 24 February 2016. Currently a Partner and Group Chairman of MHA MacIntyre Hudson, Chartered Accountants.

The Board operates within the terms of the company's Articles of Association.

The Board currently consists of five Executive Directors and two Non-Executive Directors. This composition provides a blend of experience and qualifications and the number of Non-Executives provides a strong basis for ensuring the appropriate level of corporate governance exists. Decisions taken by the Board as a whole are implemented by the Executive Directors.

The Board meets not less than four times in a year and the Chairman and Non-Executive Directors also meet without the Executive Directors being present. Each Director is provided with a pack of board papers in advance of each meeting, which contains detailed schedules of key performance indicators, accounts and notes on any important decisions which the Board are required to take.

The Board is also kept informed of all relevant information regarding the business, between formal meetings by ad hoc reports and memorandum.

The Company's Articles of Association, require that all Directors are subject to re-election at least every three years. In addition, new Directors are subject to re-election by Shareholders at the Annual General Meeting after their initial appointment.

The Company Secretary keeps the Board and CISE informed of corporate governance issues and all board members have access to independent advice if required.

In support of good corporate governance, the Board has established the following Committees:

a) **Audit Committee**

The Audit Committee comprises all the Non-Executive Directors and is chaired by Rakesh Shaunak who is considered to have the appropriate knowledge and relevant experience. The Committee will meet at least twice a year and will be responsible for:

i) Reviewing the annual and interim financial statements prior to approval, focusing on changes in accounting policies, major judgemental areas, significant audit adjustments and compliance with accounting standards, CISE and legal requirements.

ii) Considering the appointment of the Auditors and their remuneration, independence and objectivity.

iii) Considering internal financial controls.

iv) Implementing a policy on the engagement of the external auditor to supply non-audit services.

b) **Remuneration Committee**

A Remuneration Committee Meeting made up of Non-Executive Directors and chaired by Chris Powell is held at the January Board Meeting and at other meetings as required, to discuss employment matters, pension entitlements, other benefits and to fix the remuneration of Directors.

Board and Committee Attendance

The attendance of Board or Committee Meetings during the year to 31 January 2016 was as follows:-

	Board	Remuneration	Audit
D. J. Kennedy	5	*	*
P. C. Schorb	5	*	*
B. P. Green	5	*	*
C. L. Powell	5	1	2
J. H. Nugent	4	1	2

* Not a member of the committee

Risk Management

The Board recognises the need for effective high level internal controls. High level controls in operation within the company include:-

i) Reviewing the full and half yearly management accounts with comparison against budget and previous year performance.

ii) Approval by the Board of all acquisitions and disposals of investment and development properties.

Risks and Uncertainties

A summary of the main risks and uncertainties and the principal mitigating actions are set out within the notes to the accounts on page 29.

Directors' Interests in Ordinary Shares

The interests of the Directors in the issued share capital of the company are shown below:-

	31 January 2016	31 January 2015
D. J. Kennedy	66,107	65,007
P. C. Schorb	2,100	2,100
B.P. Green	-	-
C. L Powell	-	-
J. H. Nugent	-	-

GLENSTONE PROPERTY PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLENSTONE PROPERTY PLC

We have audited the financial statements of Glenstone Property PLC for the year ended 31 January 2016 which comprise the Consolidated Profit And Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

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 auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Chairman's Statement and Strategic Report, Directors' Report and Corporate Governance Report 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 the parent company's affairs as at 31 January 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; 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GLENSTONE PROPERTY PLC

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.

Ian Hunt FCA (Senior Statutory Auditor)
for and on behalf of Clear & Lane Limited
Chartered Accountants
Statutory Auditor
340 Melton Road
Leicester
LE4 7SL

9 May 2016

GLENSTONE PROPERTY PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	2016 £	2015 £
Turnover	**4**	5,011,563	5,331,017
Cost of sales		(273,500)	(207,221)
Gross profit		4,738,063	5,123,796
Administrative expenses	**5**	(550,569)	342,709
Operating profit	**6**	4,187,494	5,466,505
Interest receivable and similar income	**10**	705	-
Interest payable and similar charges	**11**	(575,750)	(1,049,590)
Profit before taxation		3,612,449	4,416,915
Taxation	**12**	-	-
Profit for the financial year		3,612,449	4,416,915

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

Earnings per share	**14**	84.5p	103.4p

GLENSTONE PROPERTY PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	2016 £	2015 £
Profit for the year		3,612,449	4,416,915
Other comprehensive income			
Revaluation of tangible fixed assets	**16**	670,454	546,347
Total comprehensive income for the year		4,282,903	4,963,262

Total comprehensive income for the year is all attributable to the owners of the parent company.

GLENSTONE PROPERTY PLC

GROUP BALANCE SHEET

AS AT 31 JANUARY 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	**15**		40,263		67,066
Investment properties	**16**		62,127,500		61,238,000
			62,167,763		61,305,066
Current assets					
Debtors	**19**	1,088,175		854,879	
Cash at bank and in hand		69,147		1,967,548	
		1,157,322		2,822,427	
Creditors: falling due within one year	**20**	(2,324,722)		(2,106,553)	
Net current (liabilities)/assets			(1,167,400)		715,874
Total assets less current liabilities			61,000,363		62,020,940
Creditors: amounts falling due after more than one year	**21**		(11,838,143)		(14,316,182)
Net assets			49,162,220		47,704,758
Capital and reserves					
Called up share capital	**24**		85,412		85,412
Share premium account			1,094,562		1,094,562
Revaluation reserve			(698,800)		(877,463)
Capital redemption reserve			18,163		18,163
Profit and loss reserves			48,662,883		47,384,084
Equity attributable to owners of the parent company			49,162,220		47,704,758

The financial statements were approved by the board of directors and authorised for issue on 9 May 2016 and are signed on its behalf by:

C L Powell MRICS (Chairman)
Director

GLENSTONE PROPERTY PLC

COMPANY BALANCE SHEET

AS AT 31 JANUARY 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	**15**		40,263		67,066
Investment properties	**16**		62,127,500		61,238,000
Investments	**17**		100		100
			62,167,863		61,305,166
Current assets					
Debtors	**19**	1,139,761		854,879	
Cash at bank and in hand		16,608		1,967,095	
		1,156,369		2,821,974	
Creditors: falling due within one year	**20**	(2,323,868)		(8,821,457)	
Net current liabilities			(1,167,499)		(5,999,483)
Total assets less current liabilities			61,000,364		55,305,683
Creditors: amounts falling due after more than one year	**21**		(11,838,143)		(14,316,182)
Net assets			49,162,221		40,989,501
Capital and reserves					
Called up share capital	**24**		85,412		85,412
Share premium account			1,094,562		1,094,562
Revaluation reserve			(70,463)		(249,126)
Capital redemption reserve			18,163		18,163
Profit and loss reserves			48,034,547		40,040,490
Total equity			49,162,221		40,989,501

The financial statements were approved by the board of directors and authorised for issue on 9 May 2016 and are signed on its behalf by:

C L Powell MRICS (Chairman)
Director

Company Registration No. 00986343

GLENSTONE PROPERTY PLC

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£	£	£
Balance at 1 February 2014		85,412	1,094,562	(1,297,367)	18,163	45,834,993	45,735,763
Year ended 31 January 2015:							
Profit for the year		-	-	-	-	4,416,915	4,416,915
Other comprehensive income:							
Surplus on revaluation of investment properties		-	-	546,347	-	-	546,347
Total comprehensive income for the year		-	-	546,347	-	4,416,915	4,963,262
Distributions	**13**	-	-	-	-	(2,994,267)	(2,994,267)
Transfers		-	-	(126,443)	-	126,443	-
Balance at 31 January 2015		85,412	1,094,562	(877,463)	18,163	47,384,084	47,704,758

GROUP STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£	£	£
Year ended 31 January 2016:							
Balance as at 1 February 2015		85,412	1,094,562	(877,463)	18,163	47,384,084	47,704,758
Profit for the year		-	-	-	-	3,612,449	3,612,449
Other comprehensive income:							
Surplus on revaluation on investment properties		-	-	670,454	-	-	670,454
Total comprehensive income for the year		-	-	670,454	-	3,612,449	4,282,903
Distributions	**13**	-	-	-	-	(2,825,441)	(2,825,441)
Transfers		-	-	(491,791)	-	491,791	-
Balance at 31 January 2016		85,412	1,094,562	(698,800)	18,163	48,662,883	49,162,220

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

The revaluation reserve reflects unrealised gains and losses on investment properties carried at fair value. The amounts are shown seperately from profit and loss reserves to provide clarity on the amount of distributable reserves.

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

The profit and loss reserve reflects accumulated distributable comprehensive income to date less distributions paid.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£	£	£
Balance at 1 February 2014		85,412	1,094,562	(669,030)	18,163	38,488,310	39,017,417
Year ended 31 January 2015:							
Profit for the year		-	-	-	-	4,420,004	4,420,004
Other comprehensive income:							
Surplus on revaluation of investment properties		-	-	546,347	-	-	546,347
Total comprehensive income for the year		-	-	546,347	-	4,420,004	4,966,351
Distributions	**13**	-	-	-	-	(2,994,267)	(2,994,267)
Transfers		-	-	(126,443)	-	126,443	-
Balance at 31 January 2015		85,412	1,094,562	(249,126)	18,163	40,040,490	40,989,501

COMPANY STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	Share capital	Share premium account	Revaluation reserve	Capital redemption reserve	Profit and loss reserves	Total
		£	£	£	£	£	£
Year ended 31 January 2016:							
Balance at 1 February 2015		85,412	1,094,562	(249,126)	18,163	40,040,490	40,989,501
Profit for the year		-	-	-	-	10,327,707	10,327,707
Other comprehensive income:							
Surplus on revaluation of investment properties		-	-	670,454	-	-	670,454
Total comprehensive income for the year		-	-	670,454	-	10,327,707	10,998,161
Distributions	**13**	-	-	-	-	(2,825,441)	(2,825,441)
Transfers		-	-	(491,791)	-	491,791	-
Balance at 31 January 2016		85,412	1,094,562	(70,463)	18,163	48,034,547	49,162,221

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

The revaluation reserve reflects unrealised gains and losses on investment properties carried at fair value. The amounts are shown seperately from profit and loss reserves to provide clarity on the amount of distributable reserves.

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

The profit and loss reserve reflects accumulated distributable comprehensive income to date less distributions paid.

GLENSTONE PROPERTY PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JANUARY 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities					
Cash generated from operations	**29**		2,617,288		4,244,366
Interest paid			(853,788)		(891,384)
Corporation tax paid			-		(106,198)
Net cash inflow from operating activities			1,763,500		3,246,784
Investing activities					
Purchase of tangible fixed assets		-		(25,938)	
Proceeds on disposal of tangible fixed assets		-		9,000	
Purchase of investment property		(3,515,182)		-	
Proceeds on disposal of investment property		4,193,299		4,690,920	
Interest received		705		-	
Net cash generated from investing activities			678,822		4,673,982
Financing activities					
Decrease in revolving credit facility		(2,200,000)		(2,300,000)	
Distributions paid		(2,825,441)		(2,994,267)	
Net cash used in financing activities			(5,025,441)		(5,294,267)
Net (decrease)/increase in cash and cash equivalents			(2,583,119)		2,626,499
Cash and cash equivalents at beginning of year			1,906,117		(720,382)
Cash and cash equivalents at end of year			(677,002)		1,906,117
Relating to:					
Cash at bank and in hand			69,147		1,967,548
Bank overdrafts included in creditors payable within one year			(746,149)		(61,431)

1 Accounting policies

Company information

Glenstone Property PLC ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is St John's House, East Street, Leicester, LE1 6NB.

The shares are listed on the Channel Islands Securites Exchange Authority (CISE). The consolidated financial statements of the Group for the year ended 31 January 2016 comprise the Company and its subsidiaries (together referred to as the "Group").

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified by the revaluation of land and buildings and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 31 January 2016 are the first financial statements of Glenstone Property PLC and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 February 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 30.

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The significant assumptions and estimates to the consolidated financial statements are disclosed in Note 3.

As permitted by S408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes. The Company's profit for the year was £10,327,707 (2015 - £4,420,004 profit).

(Continued)

1 Accounting policies

1.2 Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The difference between the cost of acquisition and the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is accounted for as goodwill or negative goodwill.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised profits and losses are also eliminated on consolidation.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 Turnover

Turnover represents rents receivable from investment properties, lease surrenders, the proceeds received from the sale of development properties, and rents received from development properties prior to their sale. Proceeds from the sale of development properties are included in turnover on legal completion.

Revenue comprises the fair value of rental income, service charges and management charges from properties (net of value added tax).

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

1.5 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

The Group operates in one business segment comprising property investment and development. The Group's operations are performed wholly in the United Kingdom.

(Continued)

1 Accounting policies

1.6 Tangible fixed assets

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

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

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the Profit and Loss Account.

1.7 Investment properties

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

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

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

Although this accounting policy is in accordance with Financial Reporting Standard 102 section 16, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors compliance with the Standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this, which might otherwise have been charged, cannot be separately identified or quantified.

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

The gain or loss arising on the disposal of investment properties is determined as the difference between the net sales proceeds and the carrying value of the asset at the beginning of the period and is recognised in the Profit and Loss Account.

(Continued)

1 Accounting policies

1.8 Cash and cash equivalents

Cash at bank and in hand are carried in the Balance Sheet at cost. They comprise cash in hand and deposits held on call with banks. Bank overdrafts are included within borrowings in current liabilities on the Balance Sheet.

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost.

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

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

(Continued)

1 Accounting policies

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies are classified as debt, are initially recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the profit or loss in finance costs or finance income as appropriate.

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Distributions payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 Derivatives

The Group uses interest rate swaps to help manage its interest rate risk. In accordance with its treasury policy, the Group does not hold or issue derivatives for trading purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in the profit or loss immediately.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

(Continued)

1 Accounting policies

Deferred tax

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.13 Retirement benefits

The Group pays contributions into privately administered pension plans which are charged to the Profit and Loss Account in the period when they fall due.

1.14 Leases

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

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

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

1.15 Property Income Distributions

Distributions to the Company's shareholders are recognised as a liability in the Company's Financial Statements in the period in which the distributions are approved by the Company's shareholders. Interim distributions are recognised when paid.

(Continued)

1 Accounting policies

1.16 Financial risk management

The Group's activities expose it to a variety of financial risks; credit risk, liquidity risk and cash flow interest rate risk.

(a) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that rental contracts are made with customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any financial institution. The Group has no significant concentration of credit risk as exposure is spread over a large number of tenants.

(b) Cash flow and fair value interest rate risk

The Group has no significant interest bearing assets. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise.

The Group has an interest rate SWAP fixing £10m of borrowings at 4.55% until 1 August 2019.

At 31 January 2016, approximately 89% (2015 - 92%) of the Company's borrowings were protected against future interest rate volatility, by using interest rate swaps to protect floating rate borrowings.

(c) Capital risk

The Group's objective in managing capital is to maintain a strong capital base to support current operations and planned growth, and to provide for an appropriate level of distributions to shareholders.

The Group is not subject to external regulatory capital requirements.

2 Change in accounting policy

On transition to FRS102 the Group changed it's recognition policy in relation to recognising lease incentives. Under FRS102 lease incentives are now released over the life of the lease, a change from previously being recognised to the first break clause. See note 30 adjustments on transition.

On transition to FRS102 the Group has had to recognise its interest rate SWAP derivative on its balance sheet at fair value. See note 30 adjustments on transition.

3 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Fair value of investment properties

The annual revaluation of Investment properties is sensitive to the changes in the rental market and the economic climate of the surrounding area. The properties are revalued at fair value by independent external valuers, Jones Lang LaSalle Ltd each year at 31 January.

4 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2016	2015
	£	£
Turnover		
Rental income	4,795,563	5,331,017
Lease surrenders	216,000	-
	5,011,563	5,331,017

5 Summary of administrative expenses

	2016	2015
	£	£
Profit on disposal of investment properties	897,163	1,513,292
Exceptional costs	(359,321)	-
Administrative expenses	(1,088,411)	(1,170,583)
	(550,569)	342,709

During the year one off legal and professional costs of £359,321 were paid in respect of the merger that occurred on 1 February 2016.

6 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Depreciation of owned tangible fixed assets	26,803	27,447
Operating lease charges	11,750	11,750

7 Auditors' remuneration

	2016	2015
Fees payable to the company's auditor and its associates:	£	£
For audit services		
Audit of the financial statements of the group and company	16,900	14,400
Audit of the company's subsidiaries	1,600	1,545
	18,500	15,945
For other services		
Audit-related assurance services	1,000	1,000
Other assurance services	27,695	-
Taxation compliance services	250	680
	28,945	1,680

8 Employees

The average monthly number of persons (including directors) employed by the group during the year was:

	2016 Number	2015 Number
Directors	5	5
Administration	1	1
	6	6

Their aggregate remuneration comprised:

	2016 £	2015 £
Wages and salaries	733,942	834,405
Social security costs	90,381	106,048
Pension costs	71,173	51,899
	895,496	992,352

9 Directors' remuneration

	2016 £	2015 £
Remuneration for qualifying services	751,222	846,090
Company pension contributions to defined contribution schemes	56,897	50,622
Pensions to former directors	10,000	10,000
	818,119	906,712

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2015 - 2).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

	2016 £	2015 £
Remuneration for qualifying services	425,426	536,070

There are no other key management personnel other than the directors.

10 Interest receivable and similar income

	2016	2015
	£	£
Interest income		
Interest on bank deposits	705	-

11 Interest payable and similar charges

	2016	2015
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	449,411	485,974
Other interest costs measured at fair value:		
Finance costs for financial instruments relating to the interest rate SWAP	404,378	405,410
Movement in derivatives relating to the interest rate SWAP	(278,039)	158,206
	575,750	1,049,590

12 Taxation

The charge for the year can be reconciled to the profit per the Profit and Loss Account as follows:

	2016	2015
	£	£
Profit before taxation	3,612,449	4,416,915
Expected tax charge based on the standard rate of corporation tax in the UK of 20.17% (2015 - 21.32%)	728,523	941,831
REIT exempt income and gains	(728,523)	(942,460)
Group relief	-	629
Tax expense for the year	-	-

Glenstone Property Plc elected for Company Real Estate Investment Trust ("REIT") status with effect from 1 February 2009. As a result the company will no longer pay UK Corporation Tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits of the Group continue to be subject to corporation tax as normal.

13 Distributions

		2016	2015
		£	£
Property income distributions			
Second interim (2014)	Nil per share (2015 - 23.0p)	-	982,242
Final (2015)	43.16p per share (2015 - 24.1p)	1,843,199	1,029,783
Interim (2016)	23.0p per share (2015 - 23.0p)	982,242	982,242
		2,825,441	2,994,267

14 Earnings per share

The calculation of earnings per share is based on the profit on ordinary activities after taxation of £3,612,449 (2015 - £4,416,915) and 4,270,618 ordinary shares, being the weighted average number of shares in issue during the year (2015 - 4,270,618).

15 Tangible fixed assets

Group and Company	Furniture and equipment	Motor vehicles	Total
	£	£	£
Cost			
At 1 February 2015 and 31 January 2016	22,847	92,829	115,676
Depreciation and impairment			
At 1 February 2015	12,798	35,812	48,610
Depreciation charged in the year	3,596	23,207	26,803
At 31 January 2016	16,394	59,019	75,413
Carrying amount			
At 31 January 2016	6,453	33,810	40,263
At 31 January 2015	10,049	57,017	67,066

16 Investment property

	Group 2016 £	Company 2016 £
Fair value		
At 31 January 2015	61,238,000	61,238,000
Additions through external acquisition	3,515,182	3,515,182
Disposals	(3,296,136)	(3,296,136)
Net gains or losses through fair value adjustments	670,454	670,454
At 31 January 2016	62,127,500	62,127,500

Investment property comprises freehold and long leasehold property. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 January 2016 by Jones Lang LaSalle Ltd Chartered Surveyors, who are not connected with the company. The valuation was made on an open market basis by reference to existing use.

Certain of the Company's investment properties with a value totalling £28,245,000 (2015 - £27,895,000) have been pledged to secure borrowings of the company.

The cost and net book value of the investment properties for the Group under the historical cost convention amounted to £62,826,300 (2015 - £62,115,463). The corresponding values for the company are £62,197,963 (2015 - £61,487,126)

17 Fixed asset investments

	Notes	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Investments in subsidiaries		-	-	100	100

Frankton House Limited, which is incorporated in England and Wales, did not trade during the year.

Frankton House Limited has one wholly owned subsidiary F H Fletcher Gate Limited, incorporated in England and Wales, which did not trade during the year.

F H Fletcher Gate Limited has one wholly owned subsidiary F H Fletcher Gate Residential Limited, incorporated in England and Wales, which is dormant.

18 Financial instruments

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Financial assets				
Debt instruments measured at amortised cost				
Trade debtors	289,464	148,561	289,464	148,561
Amounts owed to subsidiary undertakings	-	-	51,586	-
Bank and cash in hand	69,147	1,967,548	16,608	1,967,095
Equity instruments measured at cost				
Investment in subsidiary	-	-	100	100
	358,611	2,116,109	357,758	2,115,756
Financial liabilities				
Debt instruments measured at amortised cost				
Bank loans and overdraft	11,246,149	12,761,431	11,241,500	12,700,000
Trade creditors	149,426	110,344	149,426	110,344
Other creditors	121,089	144,694	121,089	144,694
Accruals	357,383	539,808	356,383	538,698
Amounts due to subsidiary undertakings	-	-	4,795	6,777,445
Debt instruments measured at fair value				
SWAP derivative	1,338,143	1,616,182	1,338,143	1,616,182
	13,212,190	15,172,459	13,211,336	21,887,363

19 Debtors

	Group		Company	
	2016	2015	2016	2015
Amounts falling due within one year:	£	£	£	£
Trade debtors	289,464	148,561	289,464	148,561
Amounts due from subsidiary undertakings	-	-	51,586	-
Accrued income	684,632	605,725	684,632	605,725
Prepayments	114,079	100,593	114,079	100,593
	1,088,175	854,879	1,139,761	854,879

19 Debtors **(Continued)**

Included within the trade debtors balance of the group and the company are lease incentives that will be amortised in greater than one year. These amounted to £559,950 (2015 - £507,998).

The Directors consider that the carrying amount of trade debtors approximates to their fair value. The credit risk in respect of trade debtors is not concentrated as the Group has many tenants spread across a number of industry sectors. In addition, the tenants rents are generally payable in advance.

The predominant class within trade debtors is rent receivable. The maximum exposure to credit risk at the reporting date is the carrying value of trade debtors as mentioned above. In assessing whether trade debtors are impaired, each debt is considered on an individual basis, and provision is made based upon specific knowledge of each tenant.

20 Creditors: falling due within one year

		Group		**Company**	
		2016	**2015**	**2016**	**2015**
	Notes	**£**	**£**	**£**	**£**
Bank loans and overdrafts	**22**	746,149	61,431	741,500	-
Trade creditors		149,426	110,344	149,426	110,344
Amounts due to subsidiary undertakings		-	-	4,795	6,777,445
Other taxation and social security		185,749	419,853	185,749	419,853
Deferred income		764,926	830,423	764,926	830,423
Other creditors		121,089	144,694	121,089	144,694
Accruals		357,383	539,808	356,383	538,698
		2,324,722	2,106,553	2,323,868	8,821,457

See note 22 for details of security.

21 Creditors: amounts falling due after more than one year

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Notes	**£**	**£**	**£**	**£**
Revolving credit facility	**22**	10,500,000	12,700,000	10,500,000	12,700,000
Fair value of SWAP		1,338,143	1,616,182	1,338,143	1,616,182
		11,838,143	14,316,182	11,838,143	14,316,182

See note 22 for details of security.

The Company's policy in respect of the use of derivative financial instruments to manage risk is detailed in the accounting policies in note 1.11. Interest rates are hedged by the use of a bank interest rate SWAP. The interest rate is fixed at 4.55% and the SWAP expires on 1 August 2019.

22 Bank loans and overdrafts

	Group		Company	
	2016	**2015**	**2016**	**2015**
	£	**£**	**£**	**£**
Revolving credit facility	10,500,000	12,700,000	10,500,000	12,700,000
Bank overdrafts	746,149	61,431	741,500	-
	11,246,149	12,761,431	11,241,500	12,700,000
Payable within one year	746,149	61,431	741,500	-
Payable after one year	10,500,000	12,700,000	10,500,000	12,700,000

The total amount of creditors for which security has been given are £11,246,149 (2015 - £12,761,431).

On 25 February 2014, the Company entered into a Revolving Credit Facility until 1 August 2019 of up to a maximum of £25,000,000. Interest payable on the facility is based upon the one month LIBOR, plus 2.5% margin.

On the same date, the Company also renewed its overdraft facility of up to a maximum of £1,000,000. Interest payable on the facility is based upon Bank base rate, plus 2.0% margin.

The revolving credit facility and overdrafts are secured by a first legal charge, over certain of the Company's investment properties.

23 Retirement benefit schemes

Defined contribution schemes	2016 £	2015 £
Charge to profit and loss in respect of defined contribution schemes	71,173	51,899

24 Share capital

	Group and company	
	2016	2015
Ordinary share capital	£	£
Issued and fully paid		
4,270,618 Ordinary shares of 2p each	85,412	85,412

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

25 Financial commitments, guarantees and contingent liabilities

There is an omnibus guarantee and set off agreement in favour of the Company's bankers for amounts due by Group companies. The potential Company liability at the year end in respect of subsidiary bank borrowings is £4,649 (2015 - £61,431).

26 Operating lease commitments

Lessor

At 31 January 2016 the Group owned 82 investment properties for rental purposes. Rental income earned during the year was £4,795,563 and direct operating expenses arising on the properties in the period was £273,500. The properties are expected to generate yields of 7% p.a. Most lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

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

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Within one year	4,361,532	3,786,126	4,361,532	3,786,126
Between two and five years	12,273,671	14,422,529	12,273,671	14,422,529
In over five years	6,831,389	9,044,063	6,831,389	9,044,063
	23,466,592	27,252,718	23,466,592	27,252,718

27 Events after the reporting date

Following approval by the Groups shareholders at a General Meeting on 27 January 2016, Glenstone Property Plc acquired the entire issued share capital in Deemark Limited, London & Surrey Property Holdings Limited and Amdale Securities Limited by issuing 4,270,593 further £0.02 ordinary shares and the payment of £1,790,000 in cash. The transaction completed on 1 February 2016 on the basis of the circular to shareholders dated 21 December 2015.

28 Controlling party

There is no ultimate controlling party.

29 Cash generated from operations

	2016	**2015**
	£	**£**
Profit for the financial year	3,612,449	4,416,915
Adjustments for:		
Finance costs	575,750	1,049,590
Investment income	(705)	-
Profit on disposal of investment property	(897,163)	(1,513,292)
Depreciation of tangible fixed assets	26,803	27,447
Movements in working capital:		
(Increase)/decrease in debtors	(233,297)	60,560
(Decrease)/increase in creditors	(401,052)	238,604
(Decrease) in deferred income	(65,497)	(35,458)
Cash generated from operations	2,617,288	4,244,366

30 Reconciliations on adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

30 Reconciliations on adoption of FRS 102 **(Continued)**

Reconciliation of equity - group

	Notes	1 February 2014 £	31 January 2015 £
Equity as reported under previous UK GAAP		47,132,612	49,228,107
Adjustments arising from transition to FRS 102:			
Interest rate SWAP	(i)	(1,457,976)	(1,616,182)
Operating lease incentives	(ii)	61,127	92,833
Equity reported under FRS 102		45,735,763	47,704,758

Reconciliation of profit or loss - group

	Notes	2015 £
Profit or loss as reported under previous UK GAAP		4,543,415
Adjustments arising from transition to FRS 102:		
Interest rate SWAP	(i)	(158,206)
Operating lease incentives	(ii)	31,706
Profit or loss reported under FRS 102		4,416,915

Notes to reconciliations on adoption of FRS 102 - group

(i) Interest rate SWAP

The Group has an interest rate SWAP and under the previous UK GAAP treated this as an off balance sheet arrangement. On transition to Financial Reporting Standard 102 the Group has recognised this on the balance sheet in creditors due after more than one year.

(ii) Operating lease incentives

On transition to Financial Reporting Standard 102 the Group has changed it's recognition policy. It now recognises incentives over the term of the lease.

30 Reconciliations on adoption of FRS 102 **(Continued)**

Reconciliation of equity - company

	Notes	1 February 2014 £	31 January 2015 £
Equity as reported under previous UK GAAP		40,414,266	42,512,850
Adjustments arising from transition to FRS 102:			
Interest rate SWAP	(i)	(1,457,976)	(1,616,182)
Operating lease incentives	(ii)	61,127	92,833
Equity reported under FRS 102		39,017,417	40,989,501

Reconciliation of profit or loss - company

	Notes	2015 £
Profit or loss as reported under previous UK GAAP		4,546,504
Adjustments arising from transition to FRS 102:		
Interest rate SWAP	(i)	(158,206)
Operating lease incentives	(ii)	31,706
Profit or loss reported under FRS 102		4,420,004

Notes to reconciliations on adoption of FRS 102 - company

(i) Interest rate SWAP

The Company has an interest rate SWAP and under the previous UK GAAP treated this as an off balance sheet arrangement. On transition to Financial Reporting Standard 102 the Company has recognised this on the balance sheet in creditors due after more than one year.

(ii) Operating lease incentives

On transition to Financial Reporting Standard 102 the Company has changed it's recognition policy. It now recognises incentives over the term of the lease.

GLENSTONE PROPERTY PLC

INVESTMENT PROPERTY PORTFOLIO

FOR THE YEAR ENDED 31 JANUARY 2016

Ten Principal Properties		Valuation at 31 January 2016 £
Nottingham	Retail Units (6)	4,250,000
Barnstaple	Retail Unit	3,280,000
Billericay	Mixed Retail & Offices	2,250,000
Hexham	Retail Units (3)	2,102,500
Bishops Stortford	Retail Units	1,750,000
Chichester	Retail Units	1,600,000
Billericay	Retail Units	1,450,000
Scarborough	Retail Unit (2)	1,400,000
Loughborough	Retail Unit (2)	1,400,000
Chichester	Retail Unit	1,375,000
		20,857,500
72 Other Retail / Industrial / Office Units		41,270,000
		62,127,500

Valuation Summary

The independent valuation of our investment portfolio, undertaken by Jones Lang LaSalle Ltd, Chartered Surveyors as at 31 January 2016, shows an increase of £670,454, a 1.04% increase on a like-for-like basis. This increase in portfolio value is consistent with reported figures generally throughout the industry.

Voids currently stand at 6.74% (2015 - 3.74%) of rents receivable. Rents received represent an 7.20% (2015 - 8.41%) expected return on the valuation at 31 January 2016.

GLENSTONE PROPERTY PLC

FIVE YEAR FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 JANUARY 2016

	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Results					
Revenue	5,012	5,331	5,644	6,154	5,557
Trading profits					
- arising from property investment	3,612	4,421	4,124	3,605	3,608
- arising from property development	-	(4)	16	101	(61)
Profit before tax	3,612	4,417	4,140	3,706	3,547
Corporation tax	-	-	(106)	(103)	(41)
Profit after tax	3,612	4,417	4,034	3,603	3,506
Distributions	(2,825)	(2,994)	(2,831)	(3,096)	(3,133)
Profit retained	787	1,423	1,203	507	373
Earnings per share	84.5p	103.4p	94.5p	84.4p	82.1p
Gross PID per share	66.2p	70.1p	66.3p	72.5p	73.4p
Dividend cover	1.27	1.47	1.43	1.16	1.12
Net asset value per share	£11.51	£11.17	£11.04	£11.14	£12.22
Funds					
Share capital	85	85	85	85	85
Share premium account	1,095	1,095	1,095	1,095	1,095
Revaluation reserve	(699)	(877)	(1,297)	747	5,900
Capital redemption reserve	18	18	18	18	18
Profit and loss	48,663	47,384	47,232	45,662	45,078
Total shareholders' funds	49,162	47,705	47,133	47,607	52,176
Bank loan	11,838	14,316	15,000	-	18,500
	61,000	62,021	62,133	47,607	70,676
Employment of funds					
Fixed assets	62,168	61,305	63,947	67,084	72,616
Net current (liabilities)/assets	(1,168)	716	(1,814)	(19,477)	(1,940)
	61,000	62,021	62,133	47,607	70,676

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