

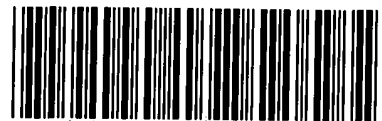
ABBHEY GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

30 April 2017

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ABBAY GROUP LIMITED

COMPANY INFORMATION

DIRECTORS: C.H. Gallagher (Executive Chairman)
L.G. Fraquelli
D.J. Dawson

SECRETARY: D.J. Dawson

REGISTERED OFFICE: Abbey House
2 Southgate Road
Potters Bar
Hertfordshire
EN6 5DU

Telephone: (01707-651266)
Facsimile: (01707-621208)

REGISTERED NO: 0540398

AUDITORS: Ernst & Young
Chartered Accountants
Ernst & Young Building
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

BANKERS: Allied Irish Bank (GB) p.l.c.
Retail Business
P.O. Box 73306
London W5 9PB

SOLICITORS: Dickins Shiebert Limited
Matthew House (first floor)
45/47 High Street
Potters Bar
Hertfordshire EN6 5AW

ABBHEY GROUP LIMITED

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STRATEGIC REPORT

The directors present their strategic report for the year ended 30 April 2017.

RESULTS FOR THE FINANCIAL YEAR

The profit for the year, after taxation, amounted to £4,708,743 (2016: £1,286,170). Dividends of 97.08685 pence per share have been paid during the year, absorbing £3,883,474 of profit (2016: nil). After the other movements as detailed in the "Statement of Comprehensive Income" and the "Statement of Changes in Equity" the net assets of the company reduced from £29,909,596 to £28,500,505.

The Directors do not propose a final dividend.

KEY PERFORMANCE INDICATORS

Measurement of the company's performance is consistently applied and control is exercised by management. The company has a budgeting system in place whereby actual performance is measured against budget, both financial and non-financial, on a monthly reporting timetable.

BUSINESS REVIEW

The operations during the year produced an operating profit of £3,700,290 (2016: loss £91,763).

A review of the business of the Abbey plc group, of which the company forms a part, is given in the 2017 Annual Report of the intermediate holding company, Abbey plc, a company incorporated in the Republic of Ireland and listed on the ESM of the Irish Stock Exchange and the AIM on the London Stock Exchange.

PRINCIPAL RISKS AND UNCERTAINTIES

Company law requires the Company to give a description of the principal risks and uncertainties which it faces. Abbey Investments Limited business, in which it is engaged, is constantly evolving and the list below of the principal risks for the Company are constantly changing:

- * The Company is engaged as a investment holding company.
- * Any reduction in economic growth in the UK may adversely affect income.
- * The Company is subject to substantial laws, regulations and standards such as environmental and health and safety, which could result in additional costs related to compliance with these laws and regulations.
- * Any adverse economic interest rate changes will impact on the Company.

By order of the board



D. J. DAWSON

Director

10 July 2017

ABBEY GROUP LIMITED**DIRECTORS' REPORT**

The directors present their financial statements for the year ended 30 April 2017.

DIVIDENDS

The Directors authorised and paid a dividend of £3,883,474 for the financial year ending 30 April 2017 (2016: £nil).

CORPORATE SOCIAL RESPONSIBILITY

We are fully committed to operating ethically and responsibly in relation to customers, neighbours and all other stakeholders.

Health and Safety

The Company pays particular adherence to health and safety matters.

Environment

The Company pays particular adherence to applicable environmental legislation.

IMPORTANT EVENTS SINCE THE YEAR END

There have been no significant events affecting the company since year end.

DIRECTORS AND THEIR INTERESTS

All the directors stated above held office throughout the year.

Mr. C.H. Gallagher retires by rotation and, being eligible, offers himself for re-election.

The directors who held office at the end of the financial year had, at no time, any beneficial interest in the shares of the company. Mr C.H. Gallagher and Mr L.G. Fraquelli were directors of the intermediate holding company, Abbey plc, and their interests in the shares of Abbey plc are disclosed in that company's directors' report.

POLITICAL DONATIONS

The Company made no political donations during the year (2016: nil).

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report and the Directors' 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 International Financial Reporting Standards. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make adjustments and estimates that are reasonable and prudent;
- * state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were members of the board at the time of approving the directors' report are listed under company information above. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- * to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report which the company's auditors are unaware; and
- * each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



D. J. DAWSON

Director

10 July 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBEY GROUP LIMITED

We have audited the financial statements of Abbey Group Limited for the year ended 30 April 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 3, 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 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 Strategic Report and the Director's 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 Company's affairs as at 30 April 2017 and of its profit for the year then ended;
- ▶ have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABBEY GROUP LIMITED (Continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

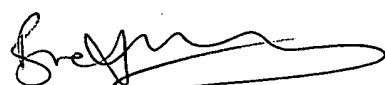
- ▶ the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the 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.



*Breffni Maguire (Senior statutory auditor)
for and on behalf of Ernst & Young
Chartered Accountants and Statutory Audit Firm*

*Dublin
10 July 2017*

ABBEEY GROUP LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2017**

	Note	2017 £	2016 £
ADMINISTRATIVE EXPENSES		(1,968,223)	(1,767,193)
OTHER OPERATING INCOME		5,668,513	1,675,430
OPERATING PROFIT / (LOSS)		3,700,290	(91,763)
Finance income	9	1,180,876	1,615,951
Finance costs	9	(151,087)	(172,463)
PROFIT BEFORE TAXATION	10	4,730,079	1,351,725
Income tax expense	11	(21,336)	(65,555)
PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		4,708,743	1,286,170

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2017**

	2017 £	2016 £
Profit attributable to equity shareholders of the company	4,708,743	1,286,170
<i>Items that will not be reclassified to the income statement</i>		
Actuarial (loss) / gain on Group defined benefit pension obligations	(2,692,000)	2,666,000
Deferred tax movement relating to actuarial (loss) / gain on Group defined benefit obligations	457,640	(479,880)
Other comprehensive (loss) / income for the year, net of tax	(2,234,360)	2,186,120
Total comprehensive income for the year, net of tax, attributable to equity shareholders of the parent	2,474,383	3,472,290

ABBHEY GROUP LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2017**

	Note	Issued Capital £	Retained Earnings £	Total £
Attributable to equity holders of the parent At 1 May 2016		4,000,000	25,909,596	29,909,596
Profit for the year		-	4,708,743	4,708,743
Other comprehensive loss, net of tax		-	(2,234,360)	(2,234,360)
Total comprehensive income, net of tax, attributable to equity shareholders		-	2,474,383	2,474,383
Equity dividends paid	12	-	(3,883,474)	(3,883,474)
At 30 April 2017		4,000,000	24,500,505	28,500,505


**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2016**

	Issued Capital £	Retained Earnings £	Total £
Attributable to equity holders of the parent At 1 May 2015 - As restated	4,000,000	22,437,306	26,437,306
Profit for the year	-	1,286,170	1,286,170
Other comprehensive income, net of tax	-	2,186,120	2,186,120
Total comprehensive income, net of tax, attributable to equity shareholders	-	3,472,290	3,472,290
At 30 April 2016	4,000,000	25,909,596	29,909,596

ABBEY GROUP LIMITED
Registered number: 0540398

BALANCE SHEET - AS AT 30 APRIL 2017

	Note	2017 £	2016 £
ASSETS			
<i>Non-current assets</i>			
Investments	13	7,750,006	7,750,006
Defined benefit pension scheme surplus	21	3,242,000	5,698,000
		<u>10,992,006</u>	<u>13,448,006</u>
<i>Current assets</i>			
Trade and other receivables	14	29,351,044	42,074,221
Investments	15	5,000	5,000
Cash and cash equivalents		9,203,197	53,515
		<u>38,559,241</u>	<u>42,132,736</u>
TOTAL ASSETS		<u>49,551,247</u>	<u>55,580,742</u>
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables	16	(20,464,604)	(24,576,207)
Income tax payable	17	(34,998)	(69,299)
		<u>(20,499,602)</u>	<u>(24,645,506)</u>
NET CURRENT ASSETS		<u>18,059,639</u>	<u>17,487,230</u>
<i>Non-current liabilities</i>			
Deferred taxation	18	(551,140)	(1,025,640)
		<u>(551,140)</u>	<u>(1,025,640)</u>
TOTAL LIABILITIES		<u>(21,050,742)</u>	<u>(25,671,146)</u>
NET ASSETS		<u>28,500,505</u>	<u>29,909,596</u>
EQUITY			
<i>Equity attributable to shareholders of the company</i>			
Issued capital	19	4,000,000	4,000,000
Retained earnings		24,500,505	25,909,596
		<u>28,500,505</u>	<u>29,909,596</u>
TOTAL EQUITY	20	<u>28,500,505</u>	<u>29,909,596</u>
TOTAL EQUITY AND LIABILITIES		<u>49,551,247</u>	<u>55,580,742</u>


D J Dawson
Director
10 July 2017

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 APRIL 2017**

Note

**2017
£**

**2016
£**

Cash flows from operating activities

Profit before taxation		4,730,079	1,351,725
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Adjustments to reconcile profit before tax to net cash flows

Non cash:

Movement in defined benefit pension asset		(236,000)	(113,000)
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Finance income	9	(974,876)	(1,615,951)
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Finance costs	9	151,087	172,463
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Working capital adjustments:

Decrease in trade and other receivables	14	12,723,177	649,262
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Decrease in trade and other payables	16	(4,111,603)	(1,927,916)
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Income taxes paid		(72,497)	(75,707)
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Net cash inflow / (outflow) from operating activities		12,209,367	(1,559,124)
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Cash flows from investing activities

Finance income	9	974,876	1,615,951
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Net cash inflow from investing activities		974,876	1,615,951
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Cash flows from financing activities

Equity dividends paid	12	(3,883,474)	-
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Finance costs	9	(151,087)	(172,463)
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Cash outflows from financing activities		(4,034,561)	(172,463)
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Net cash increase / (decrease) in cash and cash equivalents		9,149,682	(115,636)
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Cash and cash equivalents at start of period		53,515	169,151
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Cash and cash equivalents at end of period		9,203,197	53,515
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ABBEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017

1 AUTHORISATION OF FINANCIAL STATEMENTS

The Financial Statements of Abbey Group Limited for the year ended 30 April 2017 were authorised for issue in accordance with a resolution of directors on 10 July 2017. Abbey Group Limited is a limited company incorporated in England and Wales.

2 ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In the current year, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations. Adoption of these revised standards and interpretations did not have any effect on the financial performance or financial position of the Company in the current or prior periods.

3 STATEMENT OF COMPLIANCE

The financial statements of Abbey Group Limited (the "Company") have been prepared in accordance with International Financial Standards ("IFRS"), as adopted for use in the European Union, as they apply to the financial statements of the Company for the year ended 30 April 2017.

4 BASIS OF PREPARATION

The Company financial statements have been prepared on the historical cost basis. The accounting policies which follow set out these policies which apply in preparing the financial statements for the year ended 30 April 2017.

Abbey Group Limited has its functional and presentation currency in sterling.

5 ACCOUNTING POLICIES

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Revenue represents the value of goods and services supplied. The following criteria must also be met before revenue is recognised.

Property rental

Revenue is recognised on a straight line basis over the period of the lease term, net of value added tax.

Interest income

Revenue is recognised as interest accrues in the period.

Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount.

Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Trade and other payables

Trade payables are stated at their fair value. Trade payables on extended terms are recorded at their fair value at the period end, with any discount to fair value amortised over the period of the credit term and charged to finance costs.

Taxes

Current income tax

Current income tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted for the financial year.

Taxes**Deferred income tax**

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- * in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- * deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax asset and liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income tax relates to the same taxation authority and that authority permits the Company to make a single net payment. Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

Foreign Currency

The financial statements are presented in sterling, which is the Company's presentational and functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date with all differences taken to the income statement.

Impairment of non financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at the revalued amount in which case the reversal is treated as a revaluation decrease. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Pensions and other post retirement benefits

The Company operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. The UK scheme was closed to new entrants on 1 January 2001 from which time membership of a defined contribution plan is available. The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine present value of the defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in the income statement. The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time. The expected return on scheme assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect of fair value of the plan assets of contributions received and benefits paid during the year. The difference between the expected return on scheme assets and the interest cost is recognised in the income statement as other finance income or cost.

The company has applied IAS 19 to recognise actuarial gains and losses in full in the Statement of Comprehensive Income.

The defined benefit asset comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less unrecognised past service costs and less the fair value of the plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value is based on market price information. The value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Contributions to defined contribution plans are recognised in the income statement in the period in which they become payable.

ABBEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

5 ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. Provisions are measured at the expected expenditure required to settle the obligation and are discounted to present value where the effect is material.

Where the Company expects some or all of the provisions to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

New Standards and Interpretations Not Applied

The IASB and the IFRS Interpretations Committee have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS / IFRSs)		Effective date*
IFRS 15	Revenue recognition	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 16	Leases	1 January 2019

The Directors do not anticipate that the adoption of the remaining standards and interpretations will have a material impact on the Company's financial statements in the period of initial application.

* The effective dates stated here are those given in the original IASB/IFRIC standards and interpretations. As the Company has elected to prepare their financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to them having been endorsed by the EU via the EU endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Company's discretion to early adopt standards. It is expected that for a number of the standards above, EU adoption will not be in line with IASB adoption.

6 SEGMENTAL INFORMATION

Revenue, cost of sales and operating profit are all derived from continuing activities of property rental in the United Kingdom.

7 STAFF COSTS (INCLUDING DIRECTORS' REMUNERATION)

There were four persons employed by the company in the financial year (2016: six).

	2017 £	2016 £
Wages and salaries	1,405,554	1,241,935
Social security costs	205,025	183,274
Pension costs	216,833	193,524
	<hr/>	<hr/>
	1,827,412	1,618,733
	<hr/>	<hr/>

8 REMUNERATION OF DIRECTORS

	2017 £	2016 £
Emoluments in respect of qualifying services	1,523,739	1,313,914
Pension contributions	246,856	212,200
	<hr/>	<hr/>
	1,770,595	1,526,114
	<hr/>	<hr/>

ABBEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

8. REMUNERATION OF DIRECTORS (continued)

The number of directors to whom retirement benefits are accruing in respect of qualifying services under defined benefit schemes is one (2016: one). One director is a deferred member of the defined benefit pension scheme and one has contributions to a defined contribution pension scheme.

The amounts in respect of the highest paid director were:

	2017 £	2016 £
Emoluments in respect of qualifying services	918,138	770,668
Retirement benefit expense	177,500	148,417
	<u>1,095,638</u>	<u>919,085</u>

The accrued pension of the highest paid director as at 30 April 2017 was £Nil (2016 : £Nil).

9. FINANCE INCOME

	2017 £	2016 £
Interest receivable	1,180,876	1,615,951
Interest receivable includes £206,000 (2016: £103,000) interest income on benefit obligation (note 21).		
FINANCE COSTS		
Interest payable	(151,087)	(172,463)

10. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2017 £	2016 £
This is arrived at after (crediting) / charging:		
Management charge receivable from parent company	(223,286)	(152,991)
Management charge receivable from subsidiary companies	(1,352,328)	(1,351,531)
Auditors' remuneration - audit fees	4,000	4,000
- taxation services	16,620	7,000
- out of pocket expenses	18,127	14,343
Foreign exchange loss	<u>5,456</u>	<u>109</u>

11. TAXATION

The tax charge to the income statement is made up as follows:

	2017 £	2016 £
Based on the profit for the year:		
Corporation tax at 19.92% (2016: 20.00%)	38,196	103,595
Total current corporation tax	38,196	103,595
Deferred tax: originating and temporary differences (note 18)	(16,860)	(38,040)
Tax charge to the income statement	<u>21,336</u>	<u>65,555</u>

ABBEEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

11 TAXATION (continued)

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the United Kingdom of 19.92% (2016: 20.00%). The differences are reconciled below:

	2017 %	2016 %
UK Corporation tax rate	19.92	20.00
Effect of:		
Non taxable income	(17.41)	(12.34)
Expenses not deductible for taxation purposes	0.10	-
Transfer pricing adjustment	(1.8)	-
	<u>0.81</u>	<u>7.66</u>

12 DIVIDENDS

On ordinary Equity Shares

Paid ordinary dividend of 97.08685 pence per issued ordinary share (2016: NIL)

2017 £	2016 £
3,883,474	-

13 NON-CURRENT ASSET INVESTMENTS

Shares in unlisted subsidiary undertakings at cost :

Ordinary share capital at the beginning and end of the year

2017 £	2016 £
7,750,006	7,750,006

The principal subsidiary undertakings, all of which are wholly owned are as follows:

Incorporated in England & Wales

Nature of business

Registered Office

Abbey Developments Ltd

Residential housing
and land development

Abbey House
2 Southgate Road
Potters Bar
Hertfordshire
EN6 5DU
England

Abbey Investments Ltd

Property investment

As above

M & J Engineers Ltd

Plant hire

Cashel House
Cadwell Lane
Hitchin
Hertfordshire
SG4 0SQ
England

Incorporated in the Czech Republic

Abbey s.r.o.

Residential housing
and land development

Terronska 7
160 00 Prague 6
Czech Republic

ABBEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

14 TRADE AND OTHER RECEIVABLES

	2017 £	2016 £
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertaking	29,324,549	42,040,393
Prepayments	-	7,333
Other receivables	26,495	26,495
	<u>29,351,044</u>	<u>42,074,221</u>

Amounts owed by group undertaking are unsecured and payable on demand.

15 CURRENT ASSET INVESTMENTS

	2017 £	2016 £
Ordinary shares at costs - non listed company	5,000	5,000
	<u>5,000</u>	<u>5,000</u>

16 TRADE AND OTHER PAYABLES

	2017 £	2016 £
<i>Amounts falling due within one year:</i>		
Amounts owed to parent undertaking	18,591,483	19,259,170
Amounts owed to group undertaking	1,746,645	5,201,316
Accruals and deferred income	126,476	115,721
	<u>20,464,604</u>	<u>24,576,207</u>

Amounts owed to parent and group undertaking are unsecured and payable on demand.

17 INCOME TAX PAYABLE

	2017 £	2016 £
Income tax payable	34,998	69,299
	<u>34,998</u>	<u>69,299</u>

18 DEFERRED TAXATION

	2017 £	2016 £
At 1 May	1,025,640	583,800
Recognised in income statement	(16,860)	(38,040)
Equity movement	(457,640)	479,880
At 30 April	<u>551,140</u>	<u>1,025,640</u>

The deferred taxation relates solely to the defined benefit pension obligation.

ABBEEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

19 ISSUED CAPITAL

	2017 No.	2016 £	2017 No.	2016 £
Authorised, allotted and fully paid:				
Ordinary shares of £1 each	4,000,000	4,000,000	4,000,000	4,000,000

20 RECONCILIATION OF MOVEMENTS IN EQUITY

	2017 £	2016 £
Profit retained for the financial year	4,708,743	1,286,170
Opening equity	29,909,596	26,437,306
Equity dividends paid	(3,883,474)	-
Actuarial loss on defined benefit pension obligations	(2,692,000)	2,666,000
Deferred tax movement relating to actuarial loss on defined benefit obligations	457,640	(479,880)
Closing equity	28,500,505	29,909,596

21 PENSION COSTS

The Company operates a Group defined benefit scheme for the majority of its employees, the assets of which are held in a trust fund separate from the Group's finances. This pension scheme was closed to new entrants on 1 January 2001. With effect from 1 May 2006 pensionable salaries have been frozen and the scheme has contracted back in to the State Earnings Related Pension Scheme.

The pension cost for the scheme is assessed on the advice of the independent actuaries to the scheme, using the projected unit method. A triennial actuarial valuation of the scheme was carried out as at 1 May 2014. The assumptions which have the most significant effect on the results of the valuation are those made in respect of the rates of return on investments and the rates of increase in salaries and pensions. The assumptions made were that the rates of return on investments would exceed the rates of salary increases by 3.50% per annum and that the rates of pension increases would be 3.25% per annum compound.

As at 30 April 2017, the full value placed on the assets of the Pension Scheme for the purposes of the valuation amounted to £33.95 million and was sufficient to cover 105% of the Scheme's liabilities. The employer will continue to make contributions into the scheme at a contribution rate of 22.00% per month from 30 April 2017. The employer expects to make contributions of £163,000 in the coming financial year.

The costs of providing death in service benefits, which are insured under a separate agreement with Sun Life of Canada, were paid in addition to the employer pension contributions.

Defined Benefit Schemes

The group operates a defined benefit scheme. An actuarial valuation in accordance with IAS19R was carried out at 30 April 2017 by a qualified independent actuary. The actuarial reports are available to pension scheme members only.

The major assumptions used by the actuary were:

	Valuation at 30 April 2017	Valuation at 30 April 2016
Pensionable salary growth	0.00 % pa	0.00 % pa
Pension escalation in payment		
Executive members	5.00 % pa	5.00 % pa
Retail Price Index- minimum 3%	3.70 % pa	3.00 % pa
Retail Price Index- maximum 2.5%	2.50 % pa	2.50 % pa
Discount rate	2.60 % pa	3.60 % pa
Inflation assumption - retail price index	3.40 % pa	3.00 % pa
Inflation assumption - consumer price index	2.50 % pa	2.20 % pa
Post-retirement mortality (in years)		
Current pensioners at 65 - males	21.2	21.2
Current pensioners at 65 - females	23.3	23.2
Future pensioners at 65 - males	22.7	22.6
Future pensioners at 65 - females	24.8	24.7

ABBEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

21 PENSION COSTS (continued)

	Value at 30 April 2017 £	Value at 30 April 2016 £
Fair value of defined benefit assets are as follows:		
Bonds (quoted UK government gilts)	18,262,300	28,119,000
Shares (quoted on London Stock Exchange)	15,298,700	2,177,500
Cash and short term deposits	394,000	503,500
Fair value of assets	33,955,000	30,800,000
Present value of scheme liabilities in respect of active and deferred members	(30,713,000)	(25,102,000)
Defined benefit pension scheme surplus	3,242,000	5,698,000

The defined benefit scheme in the United Kingdom was closed to new entrants on 1 January 2001. As this scheme was closed to new entrants the age profile of the active members will rise significantly causing the current service cost to increase as the members of the scheme approach retirement.

From 25 June 2003 the United Kingdom pension scheme became self-administered. The assets previously held with an insurance company were transferred for cash to the Trustee Company who has subsequently invested the funds in UK Government Bonds and equities. The Trustee Company has an investment policy to look to maximise return, based on an acceptable level of risk and therefore investment in other forms, such as the stock exchange may be potentially viable.

The amount recognised in the Income Statement and in the Statement of Comprehensive Income are as follows:

are analysed as follows:

	For the Year 30 April 2017 £	For the Year 30 April 2016 £
Recognised in income statement		
Current service cost	(192,000)	(236,000)
Recognised in administrative expenses in the income statement in arriving at operating profit	(192,000)	(236,000)
Interest income on benefit obligation	206,000	103,000
Taken to the statement of comprehensive income		
Actuarial gain	2,493,000	69,000
Experiences gain / (loss)	320,000	(70,000)
Actuarial changes arising from changes in financial assumptions	(5,505,000)	2,667,000
Actuarial losses recognised in statement of comprehensive income	(2,692,000)	2,666,000
Changes in the fair value of defined benefit pension obligations		
As at 1 May	25,102,000	27,403,000
Current service cost	192,000	236,000
Member contributions	33,000	35,000
Interest costs	895,000	947,000
Benefits paid	(694,000)	(922,000)
Actuarial (gain) / loss	5,185,000	(2,597,000)
As at 30 April	30,713,000	25,102,000

ABBHEY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2017 (continued)

21 PENSION COSTS (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Revised value on scheme liabilities	
		30 April 2017	30 April 2016
		£	£
Discount rate	Decrease by 0.5%	34,091,430	28,173,300
Rate of inflation	Increase by 0.5%	31,941,520	26,330,520
Rate of mortality	Increase by 1 year	31,634,390	26,023,390

Changes in the fair value of defined benefit scheme assets

As at 1 May	30,800,000	30,322,000
Expected return on scheme assets	1,101,000	1,050,000
Employer contributions	222,000	246,000
Contributions by employees	33,000	35,000
Benefits paid	(694,000)	(922,000)
Actuarial gains	2,493,000	69,000
As at 30 April	33,955,000	30,800,000

Amounts for the current and previous periods	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Fair value of scheme assets	33,955,000	30,800,000	30,322,000	26,793,000	28,530,000
Present value of defined benefit obligation	(30,713,000)	(25,102,000)	(27,403,000)	(23,820,000)	(24,180,000)
Surplus in scheme	3,242,000	5,698,000	2,919,000	2,973,000	4,350,000

Experience adjustments arising on scheme liabilities	320,000	(70,000)	48,000	47,000	47,000
Experience adjustments arising on scheme assets	2,493,000	69,000	2,826,000	(2,340,000)	1,532,000

Defined Contribution Schemes

The Company contributes to a defined contribution scheme for which the company has contributed £4,070 during the year to 30 April 2016 (2016 : £4,094) and charged in full to the income statement.

22 RELATED PARTY TRANSACTIONS

Abbey plc is the immediate parent. Copies of Abbey plc's accounts may be obtained from Abbey House, 2 Southgate Road, Potters Bar, Hertfordshire, EN6 5DU England.

During the year the Company entered into transactions, in the ordinary course of business, with related companies as follows:

		2017 £	2016 £
Management charges	- Abbey Developments Limited	(937,365)	(1,077,254)
	- M&J Engineers Limited	(176,145)	(166,067)
	- Abbey SRO	(230,017)	(100,159)
	- Abbey Investments Limited	(8,801)	(8,051)
	- Kingscroft Developments Limited	(110,825)	(61,657)
	- Abbey Holdings Limited	-	(6,437)
	- Abbey plc	(112,461)	(84,897)
Finance income	- Abbey Developments Limited	(688,758)	(1,246,492)
	- M&J Engineers Limited	(286,118)	(266,459)
Finance costs	- Abbey Investments Limited	151,087	172,463

23 SUBSEQUENT EVENTS

There have been no significant events affecting the company since the year end.

24 ULTIMATE PARENT UNDERTAKING

The Directors consider that the immediate parent undertaking of the Company and smallest group in which the Company is consolidated is Abbey plc and the ultimate parent undertaking to be Shrewsbury Holdings Limited, a company incorporated in Jersey. Copies of the accounts of Gallagher Investments Limited, which is the largest group in which the Company is consolidated, can be obtained from its registered office at Pendragon House, 65 London Road, St. Albans, Hertfordshire, AL1 1LJ England.

25 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 10 July 2017.