

Company Registration No. 08557403

Amshold Group Limited

**Annual report and financial statements
for the year ended
30 June 2016**



Amshold Group Limited

Annual Report and financial statements for the year ended 30 June 2016

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Amshold Group Limited

Annual Report and financial statements for the year ended 30 June 2016

Officers and professional advisers

Directors

Lord Alan M Sugar
Daniel P Sugar
Simon Sugar
Michael E Ray
Roger G Adams

Company secretary

Michael E Ray

Registered office

Amshold House
Goldings Hill
Loughton
Essex
United Kingdom
IG10 2RW

Bankers

Lloyds Bank plc
City Office
11-15 Monument Street
London
EC3V 9JA

Solicitors

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
EC2A 2EG

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

Amshold Group Limited

Strategic report

The directors present their Strategic report of Amshold Group Limited (the Group and Company) for the year ended 30 June 2016.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Amshold Group Limited and its subsidiary undertakings when viewed as a whole.

Principal activities

The principal activity of the Group is property trading and investment together with the provision of management services.

Business review

In the year to 30 June 2016 the Group did not expand its property holding. This was mainly due to a mixture of a very competitive market and the general lack of availability of sensibly priced quality stock. During the year the Group continued its re-development of our very exciting landmark project, The Crosspoint, which is strategically located on the corner of Liverpool Street and Bishopsgate in the heart of the City of London. This is the largest construction project undertaken to date by the Group and the finished retail/office scheme is predicted to significantly boost both the future revenue streams and net asset value of the Group. From existing cash reserves at 30 June 2016 the Group was committed to spend a further £11.5m to complete this project. This project is forecast to be complete in the Spring of 2017.

At the start of current financial year the Group completed on a single lease for the entire office element of The Sugar Building, 5 Cheapside, London and simultaneously sold the asset for almost 4 times the price it had paid for the property 3 years earlier. During the current financial year the Group also sold 22 Haymarket London and Fitzroy House Euston Road and recorded significant profits on these sales too.

In addition to these disposals, in the year to 30 June 2016 the Group sold its freehold property interests at Enterprise Court Braintree, High Street Gravesend and High Street Newport. The Group also sold the freehold interest in 206-210 Bishopsgate, London but retained a 999 lease on the ground floor and basement. These properties were not considered to form part of our long term strategy for our property portfolio and it was considered prudent to dispose of these assets during the buoyant property period.

Having completed the residential conversion of a property in St James in the previous year, the Group still has 5 exclusive apartments available for sale. These sales will generate significant revenue during the next financial year.

With a strong and stable management team and with its internal cash resources the Group is extremely well positioned to continue to actively acquire viable real estate propositions that it feels will further enhance its portfolio.

The Group considers its key performance indicator of the business to be its net assets. The Group had a very strong performance in this year growing its net assets by £72.6m before dividends, representing a growth of 11.6%. This growth is due to a continued uplift in property valuations on the previous year. After paying £181m of dividends during the year net assets are now £518.8m (2015. £627.2m)

At 30 June 2016 the Group had no debt. Due to the strength of the Group's property portfolio and balance sheet, the management team considers the Group to be in a healthy position should it need to raise any further funds.

Amshold Group Limited

Strategic report (continued)

Principal risks and uncertainties

Financial risks

The directors considered the risks attached to the Group's and Company's financial instruments and have taken a prudent approach in their consideration of the various risks attached to the financial instruments of the Group and Company. The Group's and Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements, as a whole

The Group's property valuations give consideration to both current rental levels and expected yields. These are susceptible to market forces and therefore liable to affect the net asset value of the Group. The Group mitigates its liquidity and cash flow risk by spreading its cash deposits amongst several financial institutions and balancing the terms of its deposits according to its requirements.

The director's policy on hedging is to hedge all financial risks where it is feasible and cost effective to do so.

Uncertainties

The property market has shown great strength in recent years. This has provided opportunities for growth especially whilst interest rates remain at historic lows. Any increases in interest rates in the future will generate pressure on this growth. Despite the uncertainty over the vote by the UK to leave the EU, the London property market, in which the Group largely operates remains strong.

Future developments and subsequent events

The Group remains committed to enhancing its current portfolio of real estate assets by means of diligent active management of stock whilst at the same time aggressively endeavouring to acquire new quality real estate asset opportunities that would complement our existing Real Estate portfolio strategy. We remain extremely well placed to do this but continue to be mindful of the current extremely buoyant market conditions.

Approved by the Board and signed on its behalf by:



M. E. Ray

Director

5 December 2016

Amshold Group Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2016.

Dividends

The Company paid dividends totalling £181,000,000 during the year. £100,000,000 was paid on 7 December 2015, £51,000,000 on 8 March 2016 and £30,000,000 on 10 March 2016 (2015: £9,000,000 during the year).

Going concern

As disclosed in the accounting policies, the directors have reviewed the current and projected financial position of both the Group and the Company, making reasonable assumptions about future trading prospects.

On the basis of this review, and after making due enquiries, the directors have a reasonable expectation that both the Group and the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Post balance sheet events

Since 30 June 2016 the Group has been active in the property market. This activity is detailed in note 28 to the financial statements.

Employees

Details of the number of employees and related costs can be found in note 3 to the financial statements.

It is the Group's policy to promote equal opportunities in employment for both existing employees and applicants for employment. Every effort is made to ensure that applications for employment from disabled persons are fully and fairly considered having regard to their particular aptitudes and abilities and that disabled employees have equal opportunities in career development. In the event of an existing employee becoming disabled, every effort is made to ensure that their employment by the Group continues and that appropriate adjustments are made to their work environment.

The Group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Group.

Directors

The directors who held office for the Company since the date of incorporation to the end of the financial year are listed on page 1.

Political donations

During the year the Group made no political donations (2015: £43,479).

Amshold Group Limited

Directors' report (continued)

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

Auditor

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



M. E. Ray

Director

5 December 2016

Amshold Group Limited

Directors' responsibilities statement

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) including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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, 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company 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.

Independent auditor's report to the members of Amshold Group Limited

We have audited the financial statements of Amshold Group Limited for the year ended 30 June 2016 which comprise the consolidated profit and loss account, consolidated and parent company balance sheets, the consolidated and parent company statement of changes in equity, the consolidated cash flow statement and the related notes 1 to 28. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 annual 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 June 2016 and of its 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 matters prescribed by the Companies Act 2006

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

Independent auditor's report to the members of Amshold Group Limited (continued)

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, 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.



Sara Tubridy FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

5 December 2016

Amshold Group Limited

Consolidated profit and loss account For the year ended 30 June 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|---|-------|---------------|----------------|
| Group turnover | 2 | 19,095 | 16,997 |
| Operating costs | 4 | (4,529) | (7,269) |
| Group operating profit before fair value movement on investment property and profit on disposal of investment property | | 14,566 | 9,728 |
| Fair value movement on investment property | 12 | 56,807 | 95,298 |
| Profit on disposal of investment properties | 12 | 7,229 | 28,398 |
| Total group operating profit | | 78,602 | 133,424 |
| Finance income | 5 | 1,647 | 611 |
| Finance costs | 6 | (3) | (87) |
| Profit on ordinary activities before taxation | | 80,246 | 133,948 |
| Tax charge on profit on ordinary activities | 8 | (7,690) | (25,584) |
| Profit for the financial year | | 72,556 | 108,364 |

As there are no other sources of comprehensive income other than the profit for the financial year, the group has not included a consolidated statement of comprehensive income

Amshold Group Limited

Consolidated balance sheet As at 30 June 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|---|-------|----------------|----------------|
| Fixed assets | | | |
| Intangible fixed assets: | | | |
| Negative goodwill | 11 | (5,958) | (6,256) |
| Tangible fixed assets: | | | |
| Investment properties | 12 | 484,621 | 541,923 |
| Other tangible fixed assets | 13 | 3,172 | 3,109 |
| | | <u>487,793</u> | <u>545,032</u> |
| Current assets | | | |
| Properties held for resale | 16 | 47,193 | 37,104 |
| Debtors | 17 | 21,558 | 17,102 |
| Cash at bank and in hand | 18 | 34,500 | 108,053 |
| | | <u>103,251</u> | <u>162,259</u> |
| Creditors: amounts falling due within one year | 19 | (20,175) | (21,700) |
| Net current assets | | <u>83,076</u> | <u>140,559</u> |
| Total assets less current liabilities | | <u>564,911</u> | <u>679,335</u> |
| Provisions for liabilities | 20 | (46,145) | (52,125) |
| Net assets | | <u>518,766</u> | <u>627,210</u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 35,523 | 35,523 |
| Merger reserve | 22 | 59,134 | 59,134 |
| Profit and loss account | 22 | 424,109 | 532,553 |
| Shareholders' funds | | <u>518,766</u> | <u>627,210</u> |

The Group financial statements of Amshold Group Limited, registered number 08557403, were approved by the board of directors and authorised for issue on 5 December 2016. They were signed on its behalf by:

M. E. Ray

M. E. Ray

Director

Amshold Group Limited

Company balance sheet As at 30 June 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|---|-------|----------------|----------------|
| Fixed assets | | | |
| Tangible fixed assets | 13 | 2,477 | 2,509 |
| Investments | 14 | 54,563 | 54,563 |
| | | <u>57,040</u> | <u>57,072</u> |
| Current assets | | | |
| Debtors | 17 | 80,804 | 172,695 |
| Cash at bank and in hand | 18 | 10,506 | 84,792 |
| | | <u>91,310</u> | <u>257,487</u> |
| Creditors: amounts falling due within one year | 19 | <u>(1,014)</u> | <u>(4,910)</u> |
| Net current assets | | <u>90,296</u> | <u>252,577</u> |
| Total assets less current liabilities | | <u>147,336</u> | <u>309,649</u> |
| Provisions for liabilities | 20 | <u>(23)</u> | <u>(16)</u> |
| Net assets | | <u>147,313</u> | <u>309,633</u> |
| Capital and reserves | | | |
| Called up share capital | 21 | 35,523 | 35,523 |
| Profit and loss account | | <u>111,790</u> | <u>274,110</u> |
| Shareholder's funds | | <u>147,313</u> | <u>309,633</u> |

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The profit of the parent company is disclosed in note 9.

The Company financial statements of Amshold Group Limited, registered number 08557403, were approved by the board of directors and authorised for issue on 5 December 2016. They were signed on its behalf by:



M E. Ray
Director

Amshold Group Limited

Consolidated statement of changes in equity At 30 June 2016

| | Called up share capital £'000 | Merger reserve £'000 | Profit and loss account £'000 | Total £'000 |
|----------------------------|-------------------------------------|----------------------------|-------------------------------------|----------------|
| As at 30 June 2014 | 35,523 | 59,134 | 433,189 | 527,846 |
| Total comprehensive income | - | - | 108,364 | 108,364 |
| Dividends | - | - | (9,000) | (9,000) |
| As at 30 June 2015 | 35,523 | 59,134 | 532,553 | 627,210 |
| Total comprehensive income | - | - | 72,556 | 72,556 |
| Dividends | - | - | (181,000) | (181,000) |
| As at 30 June 2016 | 35,523 | 59,134 | 424,109 | 518,766 |

Amshold Group Limited

Company statement of changes in equity At 30 June 2016

| | Called up share capital £'000 | Profit and loss account £'000 | Total £'000 |
|----------------------------|-------------------------------------|-------------------------------------|----------------|
| As at 30 June 2014 | 35,523 | 271,871 | 307,394 |
| Total comprehensive income | - | 11,239 | 11,239 |
| Dividends | - | (9,000) | (9,000) |
| As at 30 June 2015 | 35,523 | 274,110 | 309,633 |
| Total comprehensive income | - | 18,680 | 18,680 |
| Dividends | - | (181,000) | (181,000) |
| As at 30 June 2016 | 35,523 | 111,790 | 147,313 |

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Consolidated cash flow statement For the year ended 30 June 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|--|-------|------------------|-----------------|
| Net cash inflow/(outflow) from operating activities | 23 | 122,017 | (1,611) |
| Cash flows from investing activities | | | |
| Interest received and similar income | | 907 | 830 |
| Payments to acquire tangible fixed assets | | (346) | (568) |
| Proceeds from sale of fixed assets | | 321 | 265 |
| Net cash inflow from investing activities | | <u>882</u> | <u>527</u> |
| Cash flows from financing activities | | | |
| Dividends paid | | (181,000) | (9,000) |
| Repayment of borrowings | | - | (16,500) |
| Net cash outflow from financing activities | | <u>(181,000)</u> | <u>(25,500)</u> |
| Taxation | | | |
| Corporation tax paid | | <u>(15,452)</u> | <u>(1,295)</u> |
| Net decrease in cash and cash equivalents | | <u>(73,553)</u> | <u>(27,879)</u> |
| Cash and cash equivalents at beginning of year | | 108,053 | 135,995 |
| Effect of foreign exchange rate changes | | - | (63) |
| Cash and cash equivalents at end of year | | <u>34,500</u> | <u>108,053</u> |

There are no cash equivalents at the beginning or the end of the year.

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Notes to the financial statements For the year ended 30 June 2016

1. Accounting policies

The particular accounting policies adopted by the directors are described below, and have been applied consistently in the current and preceding years

General information and basis of accounting

Amshold Group Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out on the Strategic report on pages 2 to 3.

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Amshold Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to the parent company cash flow statement.

For the year ending 30 June 2016, under Section 479A or Section 480 of the Companies Act 2006, all subsidiaries of the Group were entitled to exemption from audit. This is fully disclosed in note 15.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic report and Director's report. This describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; and its exposure to credit risk and liquidity risk.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Consolidation

The Group financial statements consolidate those of the parent company and all its subsidiary undertakings drawn up to 30 June each year.

Negative goodwill

Negative goodwill arising on acquisition is credited to the balance sheet and released through the profit and loss account as the underlying assets are realised. The underlying assets are investment properties and properties held for resale. The Group considers it more appropriate to release the negative goodwill when these properties are sold and in proportion to their values at the time the negative goodwill arose.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the Group, rental income and of properties held for resale, dilapidation receipts, insurance recoveries, media activities and management charges, all excluding sales taxes, value added tax and trade discounts.

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Notes to the financial statements (continued) For the year ended 30 June 2016

1. Accounting policies (continued)

Turnover (continued)

Income is recognised as it accrues and sales of properties held for resale are recognised on completion. Rent increases arising from rent reviews are taken into account when such reviews have been agreed with tenants. Incentives on leases are similarly spread on a straight-line basis over the lease term up to the earliest possible break. In accordance with the transitional provisions of FRS 102, incentives on leases which were in existence prior to the date of transition on 1 July 2013 have been spread over the shorter of the lease term and the period to the first break clause.

Investment properties

Investment properties for which fair value can be measured reliably without undue cost of effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

Investment property under development

Investment properties under development are revalued annually with any change recognised in the profit and loss account.

Other tangible fixed assets

Other tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write off the cost, less estimated residual values, of tangible fixed assets over their estimated useful lives. The annual depreciation rates generally applicable are as follows:

| | |
|-----------------------------|---|
| Freehold Land and Buildings | Not depreciated |
| Motor Vehicles | 25% on a reducing balance basis |
| Leasehold improvements | Over the shorter of the life of the lease and the useful life |
| Aircraft | Straight-line basis over 10 years |
| Office equipment | 20% - 33% on a straight line basis |

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

i. Investments

Investments held as fixed assets by the Company, which entirely represent investments in group companies are stated at cost, less any provision for impairment in value.

ii. Financing costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

iii. Financial liabilities

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

Properties held for resale

Properties held as dealing stocks and other stocks and work in progress are included in the balance sheet at the lower of cost and net realisable value. Cost includes appropriate property purchase expenses.

Amshold Group Limited

Notes to the financial statements (continued) For the year ended 30 June 2016

1. Accounting policies (continued)

Operating leases

Rental income from operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Taxation

Current tax, including UK corporation and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to the sale of the asset.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rates ruling at the dates of the transactions. All monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. Properties held for resale are valued at cost and translated at the rate whenever the transaction prevailed. All other non-monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

Bank borrowings

Interest bearing bank loans are recorded as the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in profit and loss account using the effective rate of interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period which they arise.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The most significant judgements and estimations taken by directors are the valuations of investment properties and properties held for resale. Note 12 to the financial statements details the valuation methods for investment properties. Properties held for resale are similarly valued but then included in the balance sheet at the lower of cost and net realisable value.

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Notes to the financial statements (continued) For the year ended 30 June 2016

2. Turnover and segmental analysis

The turnover, operating profit and net assets of the Group are solely attributable to Property Trading and Investment and no other class of business.

An analysis of Group Turnover is as follows:

| | 2016 £'000 | 2015 £'000 |
|------------------|---------------|---------------|
| Turnover | | |
| Rent | 15,280 | 15,669 |
| Sale of property | 3,065 | - |
| Other income | 750 | 1,328 |
| | <u>19,095</u> | <u>16,997</u> |

All turnover arose predominantly in the United Kingdom.

3. Information regarding directors and employees of the Group

Directors' emoluments

| | 2016 £'000 | 2015 £'000 |
|------------------------|---------------|---------------|
| Directors remuneration | 1,199 | 1,189 |
| Pensions contribution | 91 | 26 |
| | <u>1,290</u> | <u>1,215</u> |

The emoluments of the highest paid director were £511,069 (2015: £510,847). One director was a member of a pension scheme to which the Group contributed in the current year (2015: one director). There are no share option schemes in the Group.

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Staff costs during the year (including directors) | | |
| Wages and salaries | 2,325 | 2,251 |
| Social security costs | 313 | 274 |
| Pension costs | 181 | 62 |
| | <u>2,819</u> | <u>2,587</u> |
| Average staff numbers during the year (including directors) | <u>24</u> | <u>22</u> |

Amshold Group Limited

Notes to the financial statements (continued) For the year ended 30 June 2016

4. Operating costs

| | 2016 £'000 | 2015 £'000 |
|--------------------------------------|---------------|---------------|
| Changes in property stock valuations | (4,368) | 2,013 |
| Cost of property sales | 2,156 | - |
| Staff costs | 2,819 | 2,587 |
| Depreciation | 81 | 87 |
| Profit on sale of fixed assets | (118) | - |
| Amortisation of negative goodwill | (298) | (220) |
| Other operating charges | 4,257 | 2,802 |
| Total operating costs | 4,529 | 7,269 |

5. Finance income

Interest receivable and similar income can be split as follows:

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Bank and other interest | 1,063 | 611 |
| Exchange gains on foreign currency balances | 584 | - |
| | 1,647 | 611 |

6. Finance costs

Interest payable and similar charges can be split as follows:

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Bank loans, other interest and overdrafts | (3) | (24) |
| Exchange losses on foreign currency balances | - | (63) |
| | (3) | (87) |

Amshold Group Limited

Notes to the financial statements (continued) For the year ended 30 June 2016

7. Profit on ordinary activities before taxation is after charging

| | 2016 £'000 | 2015 £'000 |
|--|---------------|---------------|
| Fees payable to the Company's auditor for | | |
| Audit of the Company's financial statements | 64 | 67 |
| Audit of the Company's subsidiaries | 2 | 6 |
| Tax advisory, restructuring and other services | 21 | - |
| Depreciation | 81 | 87 |
| Profit on sale of fixed assets | (118) | - |
| Amortisation of negative goodwill | (298) | (220) |
| Profit on disposal of investment properties | 7,229 | 28,398 |
| | <hr/> | <hr/> |

8. Tax charge on profit on ordinary activities

(i) Analysis of tax charge on profit on ordinary activities

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Corporation tax on profit on ordinary activities | 13,674 | 10,238 |
| Adjustments in respect of prior years | (4) | (1) |
| | <hr/> | <hr/> |
| Total current tax charge | 13,670 | 10,237 |
| Deferred Tax | | |
| Origination and reversal of timing differences | 201 | 260 |
| Adjustment in respect of prior years | (875) | - |
| (Loss)/Profit on fair value movement of investment property | (247) | 15,077 |
| Effects of decrease in tax rates on opening liability | (5,059) | 10 |
| | <hr/> | <hr/> |
| Total deferred tax (credit)/charge | (5,980) | 15,347 |
| | <hr/> | <hr/> |
| Total tax charge on profit on ordinary activities | 7,690 | 25,584 |
| | <hr/> | <hr/> |

Amshold Group Limited

Notes to the financial statements (continued) For the year ended 30 June 2016

8. Tax charge on profit on ordinary activities (continued)

(ii) Factors affecting tax charge for the current year

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 20% (2015: 20.75%). In the year to June 2016, the following tax rates have been used 20%. The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

| | 2016 £'000 | 2015 £'000 |
|---|---------------|---------------|
| Profit on ordinary activities before taxation | 80,246 | 133,948 |
| Tax charge at 20% (2015: 20.75%) | 16,049 | 27,795 |
| Factors affecting charge: | | |
| Expenses not deductible for tax purposes | 118 | 144 |
| Adjustment in respect of prior years | (879) | - |
| Capital allowances in excess of depreciation | - | - |
| Income not taxable | (878) | - |
| Effect of other tax rates / credits | (249) | - |
| Effects of indexation | (1,058) | (1,436) |
| Permanent differences | (49) | (384) |
| Effects of changes in tax rates | (5,243) | (449) |
| Utilisation of tax losses not previously recognised | (121) | (86) |
| Total tax charge for year | 7,690 | 25,584 |

In the Budget on 8 July 2015, the UK Government proposed to further reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. Existing temporary differences on which deferred tax has been provided may therefore unwind in periods subject to these reduced rates. These rate changes were included in the Finance Bill 2015 and were enacted at the balance sheet date and therefore the deferred tax balance has been calculated at 18% (prior year: 20%). The Finance Bill 2016 subsequently reduced the main tax of corporation tax to 17% in 2020. However, as this was enacted after the year end no consideration has been given to this rate in the current year.

9. Profit attributable to the Company

As permitted by Section 408 of the Companies Act 2006, the profit or loss of the parent company is not presented as part of these financial statements. The profit before tax for the year accounted for in the books of the parent company was £18,680,000 (2015: £11,501,000).

10. Dividends on equity shares

The Company declared and paid dividends totalling £181,000,000 during the year (2015: £9,000,000).

Amshold Group Limited

Notes to the financial statements (continued) For the year ended 30 June 2016

11. Intangible fixed assets

| | Group negative goodwill £'000 |
|---------------------------------|--|
| Cost: | |
| At 1 July 2015 | (13,038) |
| Additions | - |
| | <hr/> |
| At 30 June 2016 | (13,038) |
| | <hr/> |
| Accumulated amortisation | |
| At 1 July 2015 | 6,782 |
| Amortisation during the year | 298 |
| | <hr/> |
| At 30 June 2016 | 7,080 |
| | <hr/> |
| Net book value | |
| At 30 June 2016 | (5,958) |
| | <hr/> |
| At 30 June 2015 | (6,256) |
| | <hr/> |

Negative goodwill arising on acquisition is credited to the balance sheet and released through the profit and loss account as the underlying assets are realised

Amshold Group Limited

Notes to the financial statements (continued) For the year ended 30 June 2016

12. Investment properties

| | Group Land & Buildings Investment Property 2016 £'000 |
|------------------------------------|---|
| At valuation: | |
| At 1 July | 541,923 |
| Additions | 8,003 |
| Disposals | (122,112) |
| Surplus on revaluation in the year | 56,807 |
| | <hr/> |
| At 30 June | 484,621 |
| | <hr/> |
| Representing properties at cost | 245,969 |
| Plus net valuation surplus | 238,652 |
| | <hr/> |
| | 484,621 |
| | <hr/> |

Following the majority vote to the UK's membership of the European Union in the EU Referendum held on 23 June 2016, it has not been possible to gauge the effect of this decision on property valuations at 30 June 2016 by reference to transactions in the market place. This is the primary evidence used in determining market values and as such provides some uncertainty.

The majority of the investment properties were valued by the directors at 30 June 2016 on a valuation prepared internally by a qualified chartered surveyor, on an open market basis. The remaining properties were valued externally at 30 June 2016. All valuations are at market value and conform to RICS Valuation Professional Standards and were arrived at by reference to market evidence of the transaction prices for similar properties, yields and discount rates and are based on their professional judgement and market observation. The external valuers were qualified, independent and held a recognised and relevant professional qualification together with recent experience in the relevant location and type of property being valued.

One of our most significant investment properties is The Crosspoint. Due to this property being under development and untenanted at 30 June 2016, certain valuation assumptions have been made including the projected rents that we expect to receive in the future. The Group is contractually committed to completing the development of this property and the remaining capital commitments are disclosed in note 24.

The investment properties were valued at £484,620,520 as at 30 June 2016 (2015: £541,923,565). The revaluation surplus at 30 June 2016 was £238,651,502 (2015: £232,608,422).

During the year the Group sold investment properties for a total consideration of £130,166,671 and after deducting the valuation brought forward totalling £122,774,588 and selling costs of £162,809, it derived a profit of £7,229,274.

Amshold Group Limited

Notes to the financial statements (continued) For the year ended 30 June 2016

13. Other tangible fixed assets

Group

| | Aircraft £'000 | Freehold Land and Buildings £'000 | Motor vehicle £'000 | Fixture & Fittings £'000 | Office equipment £'000 | Total £'000 |
|---------------------------------|-------------------|--|---------------------------|--------------------------------|------------------------------|----------------|
| Cost | | | | | | |
| At 1 July 2015 | 647 | 2,368 | 90 | - | 684 | 3,789 |
| Additions | - | - | - | 345 | 1 | 346 |
| Disposal | (160) | - | (74) | - | (8) | (242) |
| At 30 June 2016 | 487 | 2,368 | 16 | 345 | 677 | 3,893 |
| Accumulated depreciation | | | | | | |
| At 1 July 2015 | 51 | - | 8 | - | 621 | 680 |
| Charge for the year | 49 | - | 2 | - | 30 | 81 |
| Disposal | (35) | - | - | - | (5) | (40) |
| At 30 June 2016 | 65 | - | 10 | - | 646 | 721 |
| Net book value | | | | | | |
| At 30 June 2016 | 422 | 2,368 | 6 | 345 | 31 | 3,172 |
| At 30 June 2015 | 596 | 2,368 | 82 | - | 63 | 3,109 |

Amshold Group Limited

Notes to the financial statements (continued) For the year ended 30 June 2016

13. Other tangible fixed assets (continued)

Company

| | Freehold Land and Buildings £'000 | Motor vehicle £'000 | Office equipment £'000 | Total £'000 |
|---------------------------------|--|---------------------------|------------------------------|----------------|
| Cost | | | | |
| At 1 July 2015 | 2,441 | 15 | 124 | 2,580 |
| Additions | - | - | 1 | 1 |
| At 30 June 2016 | 2,441 | 15 | 125 | 2,581 |
| Accumulated depreciation | | | | |
| At 1 July 2015 | - | 7 | 64 | 71 |
| Charge for the year | - | 2 | 31 | 33 |
| At 30 June 2016 | - | 9 | 95 | 104 |
| Net book value | | | | |
| At 30 June 2016 | 2,441 | 6 | 30 | 2,477 |
| At 30 June 2015 | 2,441 | 8 | 60 | 2,509 |

14. Investments held as fixed assets

Company

Investments held as fixed assets of £54,563,000 (2015: £54,563,000) represent shares in subsidiary undertakings and represent the cost of its investment in Amsprop Limited, Amshold Securities Limited and Amsprop London Limited. Additional information in respect of subsidiary undertakings is given in note 15.

Amshold Group Limited

Notes to the financial statements (continued) For the year ended 30 June 2016

15. Additional disclosure in respect of subsidiary undertakings

The Groups subsidiary undertakings are as follows:

| | Country of incorporation | Activity | UK company registration number | Portion of ordinary shares held and voting rights % |
|---|-----------------------------|---------------------------------|---|---|
| Amsprop Limited | United Kingdom | Intermediate holding company | 01873323 | 100 |
| Amsprop Investments Limited | United Kingdom | Property investment | 02477288 | 100 |
| Amsprop Estates Limited | United Kingdom | Property trading | 02801817 | 100 |
| Amsprop Central Limited | United Kingdom | Property investment | 04293793 | 100 |
| Amsprop USA Holdings Limited | United Kingdom | Property investment | 04293810 | 100 |
| Amsprop Portland Limited | United Kingdom | Property investment | 05893186 | 100 |
| Amsprop Euston Limited | United Kingdom | Property investment | 05893262 | 100 |
| Amsprop Bishopsgate Limited | United Kingdom | Property investment | 05893192 | 100 |
| Amshold Securities Limited | United Kingdom | Administration of loan notes | 03337575 | 100 |
| Amstrad Consumer Electronics Company | United Kingdom | Administration | 03006504 | 100 |
| ACL (1997) Limited | United Kingdom | Administration | 00942631 | 100 |
| Amsprop London Limited | United Kingdom | Property investment | 02344929 | 100 |
| Amsprop Spain SL | Spain | Property trading | - | 100 |
| Amsprop USA Holding Inc. | United States | Property trading | - | 100 |
| Amshold International Limited | United Kingdom | Property trading | 03710962 | 100 |
| Amsprop City Properties Limited | United Kingdom | Property investment | 04203471 | 100 |
| Amsgal Properties Limited | United Kingdom | Property trading | 03058930 | 100 |

The Company's only direct shareholdings at 30 June 2016 were Amsprop Limited, Amshold Securities Limited and Amsprop London Limited.

Other than Amstrad Consumer Electronics Company and ACL (1997) Limited, which are exempt under s480 of the Companies Act 2006, the above companies incorporated in the United Kingdom, are exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of s479A of the Companies Act 2006.

16. Properties held for resale

| | Group | |
|----------------------------|--------|--------|
| | 2016 | 2015 |
| | £'000 | £'000 |
| Properties held for resale | 47,193 | 37,104 |

The difference between the balance sheet value of properties held for resale and their estimated replacement cost at 30 June 2016 is £10,535,962 (2015: £12,803,132). The replacement cost is higher than carrying value.

The increase in properties held for resale includes additions in the year of £6,756,000.

Amshold Group Limited

Notes to the financial statements (continued) For the year ended 30 June 2016

17. Debtors

| | Company | | Group | |
|--------------------------------|---------------|----------------|---------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade debtors | - | 152 | 362 | 430 |
| Other debtors | 80,700 | 171,780 | 20,041 | 14,180 |
| Prepayments and accrued income | 104 | 763 | 1,155 | 2,492 |
| | <u>80,804</u> | <u>172,695</u> | <u>21,558</u> | <u>17,102</u> |

Other debtors for the Group includes £8,124,000 (2015: £1,801,000) loaned to Amshold Trading Limited and £11,862,000 (2015: £12,361,000) to Amsair Aircraft Limited, both at commercial rates of interest and repayable on demand. As security for their loan, Amsair Aircraft Limited has granted a mortgage in favour of the Group over the aircraft owned by Amsair Aircraft Limited. Both Amshold Trading Limited and Amsair Aircraft Limited are ultimately controlled by Lord Sugar.

18. Cash at bank and in hand

| | Company | | Group | |
|--------------------------|---------------|---------------|---------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £'000 | £'000 | £'000 | £'000 |
| Cash at bank and in hand | 10,506 | 84,792 | 32,170 | 105,906 |
| Tenant deposits | - | - | 2,330 | 2,147 |
| | <u>10,506</u> | <u>84,792</u> | <u>34,500</u> | <u>108,053</u> |

In accordance with the terms of the lease agreements access to tenant deposits is restricted.

19. Creditors: amounts falling due within one year

| | Company | | Group | |
|---------------------------------------|--------------|--------------|---------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| | £'000 | £'000 | £'000 | £'000 |
| Trade creditors | 49 | 475 | 195 | 659 |
| Corporation tax | 643 | 4,023 | 7,229 | 9,010 |
| Other taxes and social security costs | 3 | 93 | 551 | 334 |
| Other creditors | 132 | 103 | 3,009 | 2,859 |
| Accruals and deferred income | 187 | 216 | 9,191 | 8,838 |
| | <u>1,014</u> | <u>4,910</u> | <u>20,175</u> | <u>21,700</u> |

Amshold Group Limited

Notes to the financial statements (continued) For the year ended 30 June 2016

20. Provisions for liabilities

Deferred tax can be split as follows as follows:-

| | Deferred tax | |
|---|---------------------|-----------------|
| | 2016 | 2015 |
| | £'000 | £'000 |
| At 1 July | (52,125) | (36,778) |
| Credit/(Charge) to the profit and loss account | 5,980 | (15,347) |
| At 30 June | <u>(46,145)</u> | <u>(52,125)</u> |
| Analysis of deferred tax provision: | | |
| | 2016 | 2015 |
| | £'000 | £'000 |
| Capital allowances that are less than depreciation | (2,479) | (1,643) |
| Unutilised Capital Losses | 1,865 | - |
| Other timing differences | 231 | 456 |
| Potential gain on fixed asset investment | (9,219) | (10,243) |
| Deferred tax on retained surplus on revaluation of property | <u>(36,543)</u> | <u>(40,695)</u> |
| | <u>(46,145)</u> | <u>(52,125)</u> |

The Company had a deferred tax liability at 30 June 2016 of £22,811 (2015: £16,182) representing capital allowances in excess of depreciation.

21. Called up share capital

| | 2016 | 2015 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Called up, allotted and fully paid: | | |
| 35,522,513 (2015: 35,522,513) ordinary shares of £1 each | <u>35,523</u> | <u>35,523</u> |

22. Reserves

The merger reserve of £59,134,000 (2015: £59,134,000) was subsumed during a Group reorganisation in June 2013. The reserve was originally created in 1999 as a result of a merger in that year when the then group absorbed the share premium of a company acquired.

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

Amshold Group Limited

Notes to the financial statements (continued) For the year ended 30 June 2016

23. Notes to the consolidated cash flow statement

(a) Reconciliation of operating profit to net cash inflow from operating activities

| | 2016 £'000 | 2015 £'000 |
|---|----------------|----------------|
| Group operating profit | 78,602 | 133,424 |
| Depreciation charge | 81 | 87 |
| Fair value movement on investment property | (56,807) | (95,298) |
| Payments to develop and acquire investment properties | (8,003) | (72,235) |
| Proceeds from sale of investment properties | 129,342 | 64,241 |
| Profit on sales of investment properties | (7,229) | (28,398) |
| Interest paid and similar charges | 580 | (177) |
| (Profit)/Loss on disposal of fixed assets | (118) | 5 |
| Release of negative goodwill | (298) | (220) |
| Increase in properties held for resale | (10,089) | (1,898) |
| Increase in debtors | (4,301) | (1,630) |
| Increase in creditors | 257 | 488 |
| Net cash inflow/(outflow) from operating activities | <u>122,017</u> | <u>(1,611)</u> |

(b) Reconciliation of net cash flow to movement in net funds

| | 2016 £'000 | 2015 £'000 |
|---|-----------------|-----------------|
| Decrease in cash in the year | (73,553) | (27,942) |
| Decrease in loans | - | 16,500 |
| Decrease in net funds resulting from cash flows | <u>(73,553)</u> | <u>(11,442)</u> |
| Net funds | <u>108,053</u> | <u>119,495</u> |
| Net funds at 30 June | <u>34,500</u> | <u>108,053</u> |

Analysis of net funds

| | At 1 July 2015 £'000 | Cash flows £'000 | At 30 June 2016 £'000 |
|--------------------------|-------------------------------|------------------------|--------------------------------|
| Cash at bank and in hand | <u>108,053</u> | <u>(73,553)</u> | <u>34,500</u> |
| Net funds | <u>108,053</u> | <u>(73,553)</u> | <u>34,500</u> |

24. Capital commitments

At 30 June 2016 the Group had capital commitments of £12.3m (2015: £19.5m) in relation to a properties under development

Amshold Group Limited

Notes to the financial statements (continued) For the year ended 30 June 2016

25. Operating lease income

The future minimum lease rentals receivable under non-cancellable operating leases are as follows:-

| | 2016 £'000 | 2015 £'000 |
|---|-----------------------|-----------------------|
| Receivable in not later than one year | 15,523 | 15,255 |
| Receivable in later than one year but not later than five years | 47,163 | 45,276 |
| Receivable in later than five years | 52,577 | 51,438 |
| | <u>115,263</u> | <u>111,969</u> |

The Group enters into operating leases for the occupation its properties. Some of the income from these is contingent on publicly quoted inflationary indexes. The amount of rent changes in any one year due to these indexes is immaterial

26. Related party transactions

At 30 June 2016 the Group loaned £6,323,000 at commercial rates of interest to Amshold Trading Limited, a company ultimately controlled by Lord Sugar. During the year the Company charged Amshold Trading Limited £10,000 for services.

At 30 June 2016 the Group received £499,000 from Amsair Aircraft Limited, a company controlled by Lord Sugar as repayment towards their loan. During the year Amsair Aircraft Limited charged the Company £547,000 for travel services. During the year the Company charged Amsair Aircraft Limited £50,000 for other services.

During the year the Company charged Amstar Entertainment Limited, a company ultimately controlled by Lord Sugar, £5,000 for services.

During the year the Company charged Amstar Media Limited, a company ultimately controlled by Lord Sugar, £400,000 for services.

During the year the Company charged Amsvest Limited, a company ultimately controlled by Lord Sugar, £5,000 for services.

During the year the Group purchased from Lord Sugar a property in the USA for US\$7,400,000.

27. Controlling party

The Company is wholly-owned by Lord Sugar and is the ultimate parent company of the Group.

28. Post balance sheet events

On 23 September 2016, the Group completed the sale of a former Hotel Complex and Land in Mijas Spain for €9,750,000.

On 14 October 2016, the Group completed the purchase of 1 Chancery Lane, London, WC2, for £17,250,000.