Company Registration No. 08557403

Amshold Group Limited

Annual report and financial statements for the year ended 30 June 2018

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Amshold Group Limited

Annual Report and financial statements for the year ended 30 June 2018

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Amshold Group Limited

Annual Report and financial statements for the year ended 30 June 2018

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
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 2018.

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 2018 the Group continued to look for property investment opportunities. During the year the Group completed the purchase of 111-113 High Street, Newport, 193 Fleet Street, London and 19-20 East Street, London investing a total of £10.3m. The market for quality London freehold investment property remains extremely competitive with limited opportunities that meet our investment criteria.

During the year the Group made a disposal of the upper part of The Crosspoint for £43.6m, the revalued book costs of the disposals was £68.9m generating a book loss after selling costs of £25.3m. Despite a loss in the year on this sale, since it has been held for a number years, the Group has overall made a profit on this property after including revaluation gains in the prior years.

After the year end revaluations there was a net revaluation loss of £28.7m bringing the revaluation surplus down to £163.6m.

Operating profit for the year prior to revaluations and disposals was £13.9m (2017: £14.7m) down slightly on last 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. Net assets of the group fell from £567.9m to £535.1m. This reduction was due to the general pressure within the property market, principally in London which has had an impact on rental and yield assumptions along with the net impact of acquistions and disposals.

At 30 June 2018 the Group had no debt (2017: nil). 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

Principal 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.

There no hedging activities carried out in the year.

Uncertainties

The property market has come under increasing pressure in the last twelve months. Although this provides opportunities for investment especially whilst interest rates remain at historic lows, it also puts pressure on the existing portfolio. Any increases in interest rates in the future will generate further pressure on valuations. There is increased uncertainty over BREXIT which will continue to impact rents until that uncertainty is resolved.

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. With strong cash reserves we remain extremely well placed to do this.

Approved by the Board and signed on its behalf by:

M. E. Ray

Director

30 November 2018

Amshold Group Limited

Directors' report

The directors present their annual report on the affairs of the Group and the audited financial statements for the year ended 30 June 2018.

Future developments together with both financial risk exposure and financial management are included within the Strategic report.

Dividends

The Company paid £600,000 dividends in the year 2018 (2017: £nil), no further dividends has been proposed since the year end date.

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 2018 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.

Appropriate directors' and officers' liability insurance cover is in place in respect of all of the Group's directors.

Political donations

During the year the Group made no political donations (2017: nil).

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:

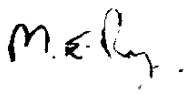
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's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

30 November 2018

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.

Amshold Group Limited

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

Report on the audit of the financial statements

Opinion
In our opinion the financial statements of Amshold Group Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

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

Other information
The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors
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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Report on other legal and regulatory requirements

Opinions 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report
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.

S. Tubridy

Sara Tubridy FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
30 November 2018

Amshold Group Limited

Consolidated profit and loss account
For the year ended 30 June 2018

	Notes	2018 £'000	2017 £'000
Group turnover	2	34,969	32,445
Operating costs	4	(21,059)	(17,775)
Group operating profit before fair value movement on investment property and profit on disposal of investment property		13,910	14,670
Fair value movement on investment property	12	(28,707)	36,075
(Loss)/Profit on disposal of investment properties	12	(25,923)	3,571
Total group operating (loss)/profit		(40,720)	54,316
Interest receivable and similar income	5	485	187
Interest payable and other similar charges	6	(3)	(29)
(Loss)/Profit before taxation		(40,238)	54,474
Tax credit/(charge) on (loss)/profit	8	8,089	(5,372)
(Loss)/Profit for the financial year		(32,149)	49,102

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 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Intangible fixed assets:			
Negative goodwill	11	(5,307)	(5,958)
Tangible fixed assets:			
Investment properties	12	405,966	511,154
Other tangible fixed assets	13	2,777	3,037
		408,743	514,191
Current assets			
Properties held for resale	16	50,801	37,365
Debtors	17	20,173	68,900
Cash at bank and in hand	18	113,428	20,668
		184,402	126,933
Creditors: amounts falling due within one year	19	(20,350)	(23,844)
Net current assets		164,052	103,089
Total assets less current liabilities		567,488	611,322
Provisions for liabilities	20	(32,369)	(43,454)
Net assets		535,119	567,868
Capital and reserves			
Called up share capital	21	35,523	35,523
Merger reserve	22	-	-
Profit and loss account	22	499,596	532,345
Shareholders' funds		535,119	567,868

The Group financial statements of Amshold Group Limited, registered number 08557403, were approved by the board of directors and authorised for issue on 30 November 2018. They were signed on its behalf by:

M. E. Ray

Director

Amshold Group Limited

Company balance sheet
As at 30 June 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Tangible fixed assets	13	2,465	2,471
Investments	14	54,563	54,563
		57,028	57,034
Current assets			
Debtors	17	106,989	135,106
Cash at bank and in hand	18	90,269	17,816
		197,258	152,922
Creditors: amounts falling due within one year	19	(860)	(2,932)
Net current assets		196,398	149,990
Total assets less current liabilities		253,426	207,024
Provisions for liabilities	20	(37)	(28)
Net assets		253,389	206,996
Capital and reserves			
Called up share capital	21	35,523	35,523
Profit and loss account		217,866	171,473
Shareholder's funds		253,389	206,996

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 30 November 2018. They were signed on its behalf by:

M. E. Ray

Director

Amshold Group Limited

Consolidated statement of changes in equity
For the year ended 30 June 2018

	Notes	Called up share capital £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
As at 1 July 2016		35,523	59,134	424,109	518,766
Total comprehensive income		-	-	49,102	49,102
Transfer of merger reserve	22	-	(59,134)	59,134	-
As at 30 June 2017		35,523	-	532,345	567,868
Total comprehensive income		-	-	(32,149)	(32,149)
Dividends	10	-	-	(600)	(600)
As at 30 June 2018		35,523	-	499,596	535,119

On 12 June 2017, the Directors of Amshold International Limited, a wholly owned subsidiary of the Group, passed a special resolution reducing the merger reserve of the company from £59,134,356 to £nil.

Amshold Group Limited

Company statement of changes in equity
For the year ended 30 June 2018

	Notes	Called up share capital £'000	Profit and loss account £'000	Total £'000
As at 1 July 2016		35,523	111,790	147,313
Total comprehensive income		-	59,683	59,683
As at 30 June 2017		35,523	171,473	206,996
Total comprehensive income		-	46,993	46,993
Dividends	10	-	(600)	(600)
As at 30 June 2018		35,523	217,866	253,389

Amshold Group Limited

Consolidated cash flow statement
For the year ended 30 June 2018

	Notes	2018 £'000	2017 £'000
Net cash inflow/(outflow) from operating activities	23	93,075	(14,205)
Cash flows from investing activities			
Interest received and similar income		167	410
Payments to acquire tangible fixed assets		(7)	(37)
Net cash inflow from investing activities		160	373
Cash flows from financing activities			
Dividends paid		(600)	-
Net cash outflow from financing activities		(600)	-
Net increase/(decrease) in cash and cash equivalents		92,635	(13,832)
Cash and cash equivalents at beginning of year		20,668	34,500
Effect of foreign exchange rate changes		125	-
Cash and cash equivalents at end of year		113,428	20,668

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

Notes to the financial statements
For the year ended 30 June 2018

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 2018, 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.

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.

When contracts to purchase or sell investment properties are exchanged before the balance sheet date, the whole transaction will be reflected in the financial statements if the Directors believe that there are no significant obstacles in preventing the contract from completing and as a result of exchange, significant risk has passed to the buyer

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
Fixtures & Fittings	20% - 25% 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.

1. **Accounting policies (continued)**

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.

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.

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.

Critical judgements in applying the Group's accounting policies

The Group frequently enters into transactions for the purchase and sale of investment property. These transactions can be complex. Accounting for the transactions requires judgements to be made such as calculating any gain or loss and deciding upon the presentation in the financial statements.

Notes to the financial statements (continued)
For the year ended 30 June 2018

1. Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty

In estimating the fair value of investment properties and properties held for resale, the directors make a number of assumptions including future rental income, future development costs and an appropriate discount rate. 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.

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:

Turnover	2018 £'000	2017 £'000
Rent	17,857	16,288
Sale of property	16,204	15,295
Other income	908	862
	34,969	32,445

Other than where the Group sold properties in Spain (2017: £8,493,000) and USA £4,519,000 (2017: £6,802,000), all turnover arose predominantly in the United Kingdom.

3. Information regarding directors and employees of the Group and Company

Directors' emoluments

	2018 £'000	2017 £'000
Directors remuneration	1,260	1,244
Pensions contribution	40	40
	1,300	1,284

The emoluments of the highest paid director were £514,151 (2017: £513,551). One director was a member of a pension scheme to which the Group contributed in the current year (2017: one director). There are no share option schemes in the Group.

	2018 £'000	2017 £'000
Staff costs during the year (including directors)		
Wages and salaries	2,333	2,399
Social security costs	329	288
Pension costs	102	124
	2,764	2,811

3. Information regarding directors and employees of the Group and Company (continued)

Average staff numbers during the year	2018	2017
Directors	5	5
Adminsitrative staff	18	19
	23	24

4. Operating costs

	2018 £'000	2017 £'000
Changes in property stock valuations	97	1,507
Cost of property sales	15,020	11,156
Staff costs	2,764	2,811
Depreciation	129	172
Loss on sale of fixed assets	138	-
Amortisation of negative goodwill	(651)	-
Other operating charges	3,562	2,129
Total operating costs	21,059	17,775

5. Interest receivable and similar income

Interest receivable and similar income can be split as follows:

	2018 £'000	2017 £'000
Bank and other interest	360	186
Exchange gains on foreign currency balances	125	1
	485	187

6. Interest payable and similar charges

Interest payable and similar charges can be split as follows:

	2018 £'000	2017 £'000
Bank loans, other interest and overdrafts	3	29
	3	29

7. Profit on ordinary activities before taxation is after charging/(crediting)

	2018 £'000	2017 £'000
Fees payable to the Company's auditor for		
Audit of the Company's financial statements	72	67
Audit of the Company's subsidiaries	-	2
Tax advisory, restructuring and other services	-	10
Depreciation	129	172
Loss on sale of fixed assets	138	-
Amortisation of negative goodwill	(651)	-
Loss/(Profit) on disposal of investment properties	25,923	(3,571)

8. Tax charge on profit

(i) Analysis of tax (credit)/charge on (loss)/profit

	2018 £'000	2017 £'000
Current tax		
UK corporation tax on profit	3,062	8,463
Group Relief	(66)	-
Adjustments in respect of prior years	-	(400)
Total current tax charge	2,996	8,063
Deferred tax		
Origination and reversal of timing differences	167	2,516
Adjustment in respect of prior years	-	370
Loss on fair value movement of investment property	(11,255)	(2,580)
Effects of decrease in tax rates on opening liability	3	(2,997)
Total deferred tax credit	(11,085)	(2,691)
Total tax (credit)/charge on profit	(8,089)	5,372

8. Tax charge on profit (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 19% (2017: 19.75%). 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:

	2018 £'000	2017 £'000
(Loss)/Profit before taxation	(40,238)	54,474
Tax (credit)/charge at 19% (2017: 19.75%):	(7,645)	10,759
Factors affecting charge:		
Expenses not deductible for tax purposes	2	64
Capital allowances in excess of depreciation	(193)	-
Adjustment in respect of prior years	-	(64)
Income not taxable	(224)	(94)
Effect of other tax rates / credits	(2)	5
Effects of indexation	(848)	(2,108)
Permanent differences	-	(189)
Effects of changes in tax rates	46	(2,815)
Utilisation of tax losses not previously recognised	(67)	(186)
Origination and reversal of timing differences	10	-
Effect of gains	832	-
Total tax (credit)/charge for year	(8,089)	5,372

The Finance Bill 2016 reduced the main rate of UK corporation tax to 17% with effect from 1 April 2020. This was enacted at the balance sheet date and therefore the deferred tax balance has been calculated at 17% (2017: 17%). Existing temporary differences on which deferred tax has been provided may therefore unwind in periods subject to these reduced rates.

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 £47,273,000 (2017: £59,890,000).

10. Dividends on equity shares

The Company declared £600,000 dividends during the year (2017: £nil).

Notes to the financial statements (continued)
For the year ended 30 June 2018

11. Intangible fixed assets

	Group Negative Goodwill £'000
Cost:	
At 1 July 2017	(13,038)
Additions	-
At 30 June 2018	(13,038)
Accumulated amortisation	
At 1 July 2017	7,080
Amortisation during the year	651
At 30 June 2018	7,731
Net book value	
At 30 June 2018	(5,307)
At 30 June 2017	(5,958)

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.

12. Investment properties

	Group Land & Buildings Investment Property £'000
At valuation:	
At 1 July 2017	511,154
Additions	10,384
Disposals	(69,579)
Transfer to properties held for resale	(17,286)
Surplus on revaluation in the year	(28,707)
At 30 June 2018	405,966
Representing properties at cost	242,322
Plus net valuation surplus	163,644
	405,966

Since the EU Referendum held on 23 June 2016, there has been no significant market evidence of any adverse affect to property valuations in London, where the Group largely holds its investment property. The volume of lettings in the market remains less than prior to the referendum vote. We continue to monitor the market to see how both Brexit and other market forces affect future valuations. This is the primary evidence used in determining valuations and as such provides some uncertainty.

During the year the Group completed the purchase of 111-113 High Street, Newport, 193 Fleet Street, London and 19-20 East Street, London.

During the year the Group sold investment properties for a total consideration of £43,658,750 (2017: £48,000,000). After deducting the valuation brought forward totalling £69,505,227 (2017: £47,437,000) and selling costs of £76,465 (2017: £258,779), it derived a loss of £25,922,942 (2017: £3,570,888 profit).

In the year to June 2018 the Group transferred 2 properties previously held as investment properties to properties held for resale with a transfer value of £17,286,000.

The majority of the investment properties were valued by the directors at 30 June 2018 on a valuation prepared internally by a qualified chartered surveyor, on a fair value basis. The remaining properties were valued externally at 30 June 2018. All valuations are at fair 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.

The investment properties were valued at £405,965,882 as at 30 June 2018 (2017: £511,154,126). The revaluation surplus at 30 June 2018 was £163,644,161 (2017: £231,320,612).

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 2017	487	2,368	16	345	712	3,928
Additions	-	-	-	-	7	7
Disposal	-	-	-	(239)	(44)	(283)
At 30 June 2018	487	2,368	16	106	675	3,652
Accumulated depreciation						
At 1 July 2017	114	-	11	82	684	891
Charge for the year	48	-	2	69	10	129
Disposal	-	-	-	(104)	(41)	(145)
At 30 June 2018	162	-	13	47	653	875
Net book value						
At 30 June 2018	325	2,368	3	59	22	2,777
At 30 June 2017	373	2,368	5	263	28	3,037

Company

	Freehold Land and Buildings £'000	Motor vehicle £'000	Office equipment £'000	Total £'000
Cost				
At 1 July 2017	2,441	15	155	2,611
Additions	-	-	7	7
Disposal	-	-	(37)	(37)
At 30 June 2018	2,441	15	125	2,581
Accumulated depreciation				
At 1 July 2017	-	11	129	140
Charge for the year	-	1	12	13
Disposal	-	-	(37)	(37)
At 30 June 2018	-	12	104	116
Net book value				
At 30 June 2018	2,441	3	21	2,465
At 30 June 2017	2,441	4	26	2,471

Notes to the financial statements (continued)
For the year ended 30 June 2018

14. Investments held as fixed assets

Company

Investments held as fixed assets of £54,563,000 (2017: £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.

15. Additional disclosure in respect of subsidiary undertakings

The Groups subsidiary undertakings, which are all registered at Amshold House, Goldings Hill, Loughton, Essex IG10 2RW 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 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
Amsprop REAT Limited	United Kingdom	Property trading	03058930	100
Amsail Limited	United Kingdom	Dormant	05893262	100
Amsprop Residential Limited	United Kingdom	Dormant	10197316	100

The Company's only direct shareholdings at 30 June 2018 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 and Amshold Securities Limited, which is audited, 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	
	2018	2017
	£'000	£'000
Properties held for resale	50,801	37,365

The difference between the balance sheet value of properties held for resale and their net realisable value at 30 June 2018 is £13,819,304 (2017: £11,681,581). The net realisable value is higher than carrying value.

The decrease in properties held for resale is largely due to the sale of 2 flats at Bennet House, London and a property in Boca Raton, Florida USA. The cost of these properties at 30 June 2017 were £11,095,000 and £3,673,000 respectively.

In the year to June 2018 the Group transferred 2 properties previously held as investment properties to properties held for resale with a transfer value of £17,286,000 along with development expenditure of £3,276,000.

The Group also purchased 2 propeties for development in USA totalling £7,684,000.

17. Debtors

	Company		Group	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade debtors	-	21	729	256
Other debtors	132	5	134	48,015
Amounts due from subsidiary undertakings	88,928	115,384	-	-
Related party loans	17,806	19,588	17,806	19,588
Prepayments and accrued income	123	108	1,504	1,041
	106,989	135,106	20,173	68,900

Other debtors for the Group includes £6,915,000 (2017: £8,162,000) loaned to Amshold Trading Limited and £10,891,000 (2017: £11,426,000) 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	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Cash at bank and in hand	90,269	17,816	110,778	18,582
Tenant deposits	-	-	2,650	2,086
	90,269	17,816	113,428	20,668

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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade creditors	13	43	603	538
Corporation tax	350	2,528	1,746	6,662
Other taxes and social security costs	125	91	9,166	978
Other creditors	270	98	2,976	9,577
Accruals and deferred income	102	172	5,859	6,089
	860	2,932	20,350	23,844

Other creditors include director loans of £195,000 (2017: £22,000)

20. Provisions for liabilities

Deferred tax can be split as follows as follows:-

	Deferred tax	
	2018 £'000	2017 £'000
At 1 July	(43,454)	(46,145)
Credit to the profit and loss account	11,085	2,691
At 30 June	(32,369)	(43,454)

Analysis of deferred tax provision:

	2018 £'000	2017 £'000
Capital allowances that are less than depreciation	(3,470)	(3,303)
Unutilised Capital Losses	72	74
Potential gain on fixed asset investment	(8,292)	(8,291)
Deferred tax on retained surplus on revaluation of property	(20,679)	(31,934)
	(32,369)	(43,454)

The Company had a deferred tax liability at 30 June 2018 of £37,248 (2017: £27,825) representing capital allowances in excess of depreciation.

21. Called up share capital

	2018 £'000	2017 £'000
Called up, allotted and fully paid:		
35,522,513 (2017: 35,522,513) ordinary shares of £1 each	35,523	35,523

Notes to the financial statements (continued)
For the year ended 30 June 2018

22. Reserves

The merger reserve of £59,134,356 at 30 June 2016 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. On 12 June 2017, the Directors of Amshold International Limited, a wholly owned subsidiary of the Group, passed a special resolution reducing this reserve from £59,134,356 to £nil.

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.

23. Notes to the consolidated cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	2018 £'000	2017 £'000
Group operating (loss)/profit	(40,720)	54,316
Depreciation charge	129	172
Fair value movement on investment property	28,707	(36,075)
Payments to develop and acquire investment properties	(10,384)	(37,895)
Proceeds from sale of investment properties	43,656	47,741
Loss/(Profit) on sales of investment properties	25,923	(304)
Interest paid and similar charges	(3)	(30)
Loss on disposal of fixed assets	138	-
Release of negative goodwill	(651)	-
(Increase)/Decrease in properties held for resale	(13,436)	9,828
Decrease/(Increase) in debtors	48,920	(47,563)
Increase in creditors	1,422	4,234
Stock transfer	17,286	-
Corporation tax paid	(7,912)	(8,629)
Net cash inflow/(outflow) from operating activities	93,075	(14,205)

24. Capital commitments

At 30 June 2018 the Group had capital commitments of £nil (2017: £nil) in relation to properties under development.

25. Operating lease income

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

	2018 £'000	2017 £'000
Receivable in not later than one year	17,177	16,286
Receivable in later than one year but not later than five years	60,644	53,342
Receivable in later than five years	91,350	78,304
	169,171	147,932

The Group enters into operating leases for the occupation of 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

During the year the Group received £1,367,000 (2017: loaned £38,000) from Amshold Trading Limited, a company ultimately controlled by Lord Sugar as repayment towards their loan. During the year the Company charged Amshold Trading Limited £10,000 (2017: £10,000) for services.

During the year the Group received £535,000 (2017: £436,000) from Amsair Aircraft Limited, a company controlled by Lord Sugar as repayment towards their loan. During the year Amsair Aircraft Limited charged the Company £581,000 (2017: £497,000) for travel services. During the year the Company charged Amsair Aircraft Limited £50,000 (2017: £50,000) for other services.

During the year the Company charged Amstar Entertainment Limited, a company ultimately controlled by Lord Sugar, £5,000 (2017: £5,000) for services.

During the year the Company charged Amstar Media Limited, a company ultimately controlled by Lord Sugar, £50,000 (2017: £400,000) for services.

During the year the Company charged Amsvest Limited, a company ultimately controlled by Lord Sugar, £10,000 (2017: £10,000) for services.

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 6 July 2018, the Group completed the sale of Flat 4 Bennet House, London, SW1A 1JT, for £5,175,000.

On 8 October 2018 the Group entered into a capital commitment of £4m.

On 23 November 2018 the Group exchanged on the purchase of 21-27 Church Street, Kingston-upon-Thames, KT1 1RW, for £10,000,000.