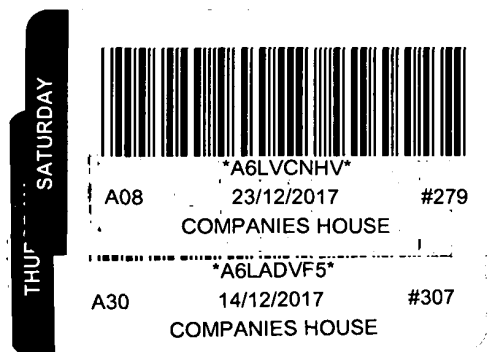


PE Jones (Properties) Limited

Report and Accounts

Year Ended 30 April 2017

Company registration number: 00667252



PE Jones (Properties) Limited

Report and Accounts

Year Ended 30 April 2017

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P.E. JONES (PROPERTIES) LIMITED
Chairman's Statement

It is pleasing to be able to report another strong result for the Group with underlying profit for the year, before property revaluations and tax, of £4.3m (2016: £3.2m).

This year, there was a surplus property revaluation of £0.4m (2016: £1.3m), increasing reported profit before tax to £4.7m (2016: £4.5m).

Net bank borrowings increased by £5.7m to £16.9m and shareholders' funds grew by £6.0m to £55.1m.

Review of Operations

With the exception of the short term reaction to Brexit last summer and the subsequent market correction, property values have been relatively stable with any movements being sector specific and driven largely by rental growth. It is therefore pleasing to report that the value of the UK property portfolio appreciated by £0.4m in the year as a result of the proactive management of the Group's property portfolio.

Edge Wear Properties Limited, our partnership with Milnes Investments Limited, contributed £0.3m to the Group result before property revaluation adjustments and tax.

A continued modest improvement to the economy in Portugal's Algarve was reflected in the trading results of our operations at Oasis Parque and Boavista Golf & Spa Resort. The stock of rental units at Bella Collina, within the Boavista Golf & Spa Resort, was increased to 72 and further units will be built in the forthcoming financial year. This contributed to the overall increase in sales from rental property, golf, restaurant and spa activity to €7.7m (an increase of 31% year on year). 13 properties were sold in the year, 10 at Boavista and 3 at Oasis Parque.

In the US we continue to work closely with our joint venture partner, Hanover Capital, and this year's project completions delivered an increased contribution over the prior year. The number of projects currently in progress, together with our joint strategic land holdings, leaves us in an enviable position to deliver strong future profits. In the commercial portfolio overall occupancy levels declined marginally to 74%. However the improving levels of employment in the Orlando region is causing the commercial lettings market to begin to absorb the historic high levels of vacant office space. This should increase future demand for the US commercial property portfolio.

Future Outlook

In recent times businesses and consumers have had to adjust to unexpected changes in the political and economic landscapes, both overseas and in the UK. So far, they and the financial markets appear to be taking these changes in their stride. However, the full impact of Brexit is yet to be determined and this could disrupt current trading conditions, but could also create new opportunities.

In Portugal, despite the remaining presence of austerity measures such as high and widespread taxes, its favourable climate and political stability are increasingly attracting international visitors and investors.

Political change in the USA does not yet appear to have had any significant impact on trade. Central Florida, in particular, continues to thrive with record inward investment, population and visitor growth and low unemployment.

Overall, the Group remains well positioned to take advantage of new opportunities that may arise in any of its areas of operation.

P.E. Jones OBE
Chairman
17 October 2017

PE Jones (Properties) Limited

Strategic Report

Year Ended 30 April 2017

Business Model

The P E Jones (Properties) Group is a long-established, property development and investment organisation with interests in the UK, Portugal and the USA.

Founded in 1962 by Peter Emerson Jones OBE, the Group now has a net worth of circa £55m and continues to be family-owned.

The UK commercial business operates principally in the North-West of England and is responsible for the development and management of over 0.7 million sq ft of commercial investment property covering retail, office, leisure and industrial sectors.

Internationally, the Group has operations in the USA and Portugal, where it has been developing its commercial and residential interests over the last 30 years.

Through its joint venture, Emerson Investments International Inc., the Group has made significant investment in the Orlando region of Florida, both directly and in joint venture with carefully selected partners to establish a sustainable and successful commercial property investment portfolio and a number of residential development projects.

In Portugal, a number of resorts have been developed and are operated on the Algarve, including the leisure resort of Oasis Parque Country Club, Portimão and the exclusive residential, golf and spa development of Quinta da Boavista, Lagos.

Strategy

The strategy of the Group is to continue to generate and grow sustainable profitability and shareholder return through effective application of the business model, whilst remaining flexible and responsive to unique opportunities offering significant added value potential. Underpinning this strategic approach is a financial strategy to ensure availability of sufficient liquidity to protect against adverse market conditions and to take advantage of suitable business opportunities as they arise without over-exposure to the lending market.

The principal strategic objectives of the Group are:

- To drive sustainable profitability and shareholder return in all activities.
- To spread risk through diversification of investments whilst maintaining focus on core skills, as reflected by the current structure of the Group.
- To selectively pursue strategic land and property investment opportunities that meet the Group's investment criteria for return and risk.
- To deliver outstanding products and services that anticipate the market and exceed the expectations of clients and tenants.
- To ensure availability of low cost financial resources to support and protect the activities of the Group through the prudent and effective application of its accumulated net worth.

PE Jones (Properties) Limited

Strategic Report

Year Ended 30 April 2017

Key Performance Indicators (KPIs)

To monitor progress against the principal strategic objectives, the Group has identified and regularly reports on the following KPIs:

- Activity level – measured by turnover growth, occupancy levels and rental income.
- Profitability – measured by profit before tax
- Debt Service Cover – measured by rental surplus over interest payable
- Cash flow
- Average cost of finance
- Gearing – measured by net debt to net worth

These measures are referred to throughout the Report, with comparative figures quoted where appropriate, and are reviewed regularly by senior Directors.

Principal Risks

The major financial risks for the business are liquidity, interest rates (including Euro and Dollar exposure) and credit risk.

The Group ensures availability of funds for its operations and planned investments through the application of retained earnings and secured debt finance. Debt finance risk is mitigated by maintaining a mixture of long and short-term facilities sourced from a variety of funders over a spread of maturity periods. Covenant measures are monitored by the Board and reported on a regular basis to ensure compliance.

Movement on interest rates is monitored frequently. Exposure to fluctuations on interest rates affecting long-term borrowings is eliminated by only entering into fixed rate loans or suitable interest rate hedging. Exposure to fluctuations in foreign exchange rates is minimised by borrowings denominated in the currency of the country requiring these facilities.

The credit risk associated with prospective tenants and corporate clients is mitigated via execution of a forward credit checking and approval process prior to any contractual commitment and proactive management of the portfolio.

There are also a number of primary risks specific to the particular activities and markets associated with the commercial investment property operations of the Group. These include commercial property prices and yields, competition and demand for commercial property. These specific risks are monitored and regularly reviewed by the Directors with any mitigating actions identified and recorded.

The Directors also monitor and assess the risks posed by changes to general economic activity, government policies, tax legislation and environmental requirements, and amend strategy as appropriate.

The requirement to report property revaluation movements through profit and loss could create major fluctuations in reported profit. Due to the size of the Group's property portfolio, modest changes to property values could seriously distort the trading result and risks misleading stakeholders and their understanding of the underlying trading performance. This risk can only be mitigated through expanded explanation in the narrative of the accounts.

Business Review

Net Group turnover (excluding joint ventures) increased by 9.6% to £7.8m (2016: £7.1m), reflecting an increase in activity in property sales in Portugal. An improvement in Gross Profit to £5.5m (2016: £5.1m) resulted in underlying profit (before revaluations and tax) increasing to £4.3m (2016: £3.2m). There was a £0.4m surplus on revaluation of investment properties (2016: £1.3m surplus), resulting in a net profit before tax of £4.7m (2016: £4.5m). Bank borrowings increased by £5.7m to £16.9m, as new loan facilities were secured to replace facilities repaid in the previous year. The average cost of long term debt reduced to 3.8% at the year end (2016: 4.8%) and secured rents of £6.6m continue to provide a comfortable £4.6m surplus over debt service costs. The net asset value of the Group grew by 12.2% to £55.1m.

PE Jones (Properties) Limited

Strategic Report

Year Ended 30 April 2017

UK Commercial

A reactionary, post referendum, mark-down of values quickly recovered and with little discernible change to the underlying fundamentals the commercial property market remained remarkably stable. The Group continues to offer attractive, good value accommodation to commercial tenants reflected in an increase in occupancy from 84% to 87% in the year. The Group remains committed to delivering high standards of tenant support, property maintenance and proactive marketing of vacant space.

During the year further funds were advanced from one of the Group's existing funders and a new loan facility was secured from another.

Edge Wear Properties Limited, a joint venture with Milnes Investments Limited, contributed £0.3m to Group profit, a reduction on the previous year which had benefited from significant property revaluation gains.

The outlook for the coming year is expected to be relatively stable and any improvement in the underlying contribution from UK commercial property will depend on its success in letting existing void space.

International

Portugal

The Portuguese economy continued its steady recovery which has supported a growing improvement in trading conditions for our resorts and developments on the Algarve. At the Boavista Golf & Spa Resort, continued development resulted in the sale of 10 properties and an increase in rental stock to 72 units, with rental income exceeding €1.6m in the year. This contributed to a further improvement in clubhouse operations such as golf, spa and restaurant activities where net income is up 30% on the previous year. It was also pleasing that Oasis Parque delivered a positive contribution to the Group result this year reflecting increased sales and rental activity.

USA

Economic conditions in Central Florida have continued to be very favourable. There has been growth in both the population and the general workforce, particularly in Orlando, which has increased demand for the Group's residential products and commercial space.

The market for new land opportunities remains extremely competitive and tighter planning conditions imposed since the presidential election will affect new schemes coming to market. However, due to the Group's strategic land buying activity and its proven capability to self-develop projects, both independently and with our joint venture partner, the Group is in an extremely strong position for the foreseeable future.

Approved by the Board of Directors and signed on behalf of the Board:

P. E. Jones OBE
Director

17 October 2017

PE Jones (Properties) Limited

Report of the Directors

Year Ended 30 April 2017

The Directors have pleasure in presenting their report, together with the audited accounts for the year ended 30 April 2017.

Information on likely future developments has been included in the Strategic Report.

1 Directors

The Directors who served during the year were as follows:

PE Jones OBE (Chairman)
Mrs A Jones
ME Jones
AE Jones

2 Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Report of the Directors 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 Accounting Standards and applicable law, including Financial Reporting Standard 102 'The Financial Reporting standard applicable in the United Kingdom 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements the Directors are required to:

- * Select suitable accounting policies and then apply them consistently;
- * Make judgements and accounting estimates that are reasonable and prudent;
- * State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements ;
- * Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 and of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

3 Statement as to Disclosure of Information to Auditor

In so far as each of the Directors is aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

4 Health and Safety

The Group is committed to best practice on all health and safety matters and continues to develop measures that minimise the likelihood of accidents and incidents on site. Accidents are reported on, analysed and learnt from as a matter of priority.

5 Auditor

In accordance with section 487(2) of the Companies Act 2006, Grant Thornton UK LLP, is deemed re-appointed auditor for the succeeding year.

This report was approved by the Board on 17 October 2017 and signed on behalf of the Board:

Anne Weatherby
Secretary

PE Jones (Properties) Limited

Group Profit & Loss Account

Year Ended 30 April 2017

	<u>Notes</u>	<u>2017</u> £'000	<u>2016</u> £'000
Turnover including share of Joint Ventures	1	15,294	12,874
Less : Share of Joint Ventures		(7,472)	(5,739)
		<hr/>	<hr/>
Group turnover		7,822	7,135
Cost of sales		(2,274)	(1,995)
		<hr/>	<hr/>
Gross profit		5,548	5,140
Operating costs	2	(2,108)	(2,197)
Share of profit in Joint Ventures		1,580	1,672
		<hr/>	<hr/>
Underlying Group operating profit		5,020	4,615
Revaluation surplus		354	748
		<hr/>	<hr/>
Group operating profit		5,374	5,363
Net interest payable	3	(1,340)	(1,261)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	4	4,034	4,102
Tax on profit on ordinary activities	5	(230)	(233)
		<hr/>	<hr/>
Profit for the financial year		<u>3,804</u>	<u>3,869</u>
Profit is Attributable to:			
Owners of the Parent		3,804	3,869
Non-controlling interests		-	-
		<hr/>	<hr/>
		<u>3,804</u>	<u>3,869</u>

The above figures relate exclusively to continuing operations.

The accompanying accounting policies and notes form part of these financial statements

PE Jones (Properties) Limited

Group Statement of Comprehensive Income

Year Ended 30 April 2017

	<u>2017</u> £'000	<u>2016</u> £'000
Profit for the financial year:		
Owners of the Parent	3,804	3,869
Non-controlling interests	-	-
	<hr/>	<hr/>
	3,804	3,869
Other comprehensive income ;		
Cash flow hedges:		
Change in value of hedging instrument	154	(111)
Reclassification to profit and loss	197	330
Currency translation differences	2,028	1,493
Total tax on components of other comprehensive income	(85)	(57)
	<hr/>	<hr/>
Other comprehensive income for the year net of tax	2,294	1,655
	<hr/>	<hr/>
Total comprehensive income for the year	<u>6,098</u>	<u>5,524</u>
Total comprehensive income is attributable to:		
Owners of the Parent	6,098	5,523
Non-controlling interests	-	1
	<hr/>	<hr/>
	<u>6,098</u>	<u>5,524</u>

PE Jones (Properties) Limited

Group Balance Sheet

Company registration number: 00667252

As at 30 April 2017

	Notes	2017 £'000	2016 £'000
Fixed Assets			
Investment properties	9	50,583	50,036
Tangible fixed assets	10	1,539	1,464
Interests in Joint Ventures :			
Share of gross assets	11	61,754	52,179
Share of gross liabilities	11	(37,191)	(29,558)
		<hr/>	<hr/>
Other investments	11	24,563	22,621
		12	12
		<hr/>	<hr/>
		76,697	74,133
Completed developments	12	794	794
Current Assets			
Stocks	13	4,527	4,579
Debtors	14	6,029	5,809
Cash		5,961	2,267
		<hr/>	<hr/>
		16,517	12,655
Creditors: Amounts falling due within one year	15	(26,336)	(29,147)
		<hr/>	<hr/>
Net Current Liabilities		(9,819)	(16,492)
		<hr/>	<hr/>
Total assets less current liabilities		67,672	58,435
Creditors: Amounts falling due after more than one year	16	(11,190)	(7,858)
Provisions for liabilities	17	(1,337)	(1,430)
		<hr/>	<hr/>
Net Assets		<u>55,145</u>	<u>49,147</u>
Capital and Reserves			
Called up share capital	19	10	10
Hedge Reserve		(314)	(665)
Profit and loss account		55,501	49,854
		<hr/>	<hr/>
Equity Shareholders' Funds		55,197	49,199
Non-controlling interests		(52)	(52)
		<hr/>	<hr/>
		<u>55,145</u>	<u>49,147</u>

The financial statements were approved and authorised for issue by the Board and signed on its behalf on 17 October 2017.


P.E. Jones OBE
Director

PE Jones (Properties) Limited

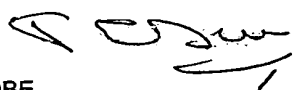
Company Balance Sheet

Company registration number: 00667252

As at 30 April 2017

	<u>Notes</u>	<u>2017</u>	<u>2016</u>
		£'000	£'000
Fixed Assets			
Tangible fixed assets	10	335	507
Investments	11	486	486
		<hr/>	<hr/>
		821	993
Completed developments	12	794	794
Current Assets			
Debtors	14	3,748	3,041
Cash		355	354
		<hr/>	<hr/>
		4,103	3,395
Creditors: Amounts falling due within one year	15	(4,314)	(3,789)
		<hr/>	<hr/>
Net Current Liabilities		(211)	(394)
Total assets less current liabilities		<hr/>	<hr/>
		1,404	1,393
Creditors: Amounts falling due after more than one year	16	-	(1,075)
Provisions for liabilities	17	(9)	(15)
		<hr/>	<hr/>
Net Assets		<hr/>	<hr/>
		1,395	303
Capital and Reserves			
Called up share capital	19	10	10
Profit and loss account at the start of the year		293	195
Retained profit for the year		1,092	98
		<hr/>	<hr/>
		1,385	293
Equity Shareholders' Funds		<hr/>	<hr/>
		1,395	303

The financial statements were approved and authorised for issue by the Board and signed on its behalf on 17 October 2017.



P.E. Jones OBE
Director

PE Jones (Properties) Limited

Group Statement of Changes in Equity

Year Ended 30 April 2017

	Issued Share Capital £'000	Hedge Reserve £'000	Profit and Loss Account £'000	Total £'000	Non - Controlling Interests £'000	Total Equity £'000
At 1 May 2015	10	(884)	44,621	43,747	(53)	43,694
Profit for the financial year	-	-	3,869	3,869	0	3,869
Other comprehensive income for the year	-	219	1,435	1,654	1	1,655
Dividends paid to owners	-	-	(71)	(71)	-	(71)
At 30 April 2016	10	(665)	49,854	49,199	(52)	49,147
Profit for the financial year	-	-	3,804	3,804	-	3,804
Other comprehensive income for the year	-	351	1,943	2,294	-	2,294
Dividends paid to owners	-	-	(100)	(100)	-	(100)
At 30 April 2017	10	(314)	55,501	55,197	(52)	55,145

Company Statement of Changes in Equity

Year Ended 30 April 2017

	Issued Share Capital £'000	Hedge Reserve £'000	Profit and Loss Account £'000	Total Equity £'000
At 1 May 2015	10	-	195	205
Profit for the financial year	-	-	169	169
Dividends paid to owners	-	-	(71)	(71)
At 30 April 2016	10	-	293	303
Profit for the financial year	-	-	1,192	1,192
Dividends paid to owners	-	-	(100)	(100)
At 30 April 2017	10	-	1,385	1,395

PE Jones (Properties) Limited

Group Statement of Cash Flows

Year Ended 30 April 2017

	<u>Notes</u>	<u>2017</u> £'000	<u>2016</u> £'000
Net cash (outflow) / inflow from operating activities	20(a)	(851)	8,914
Taxation paid		(308)	(253)
Cash inflow / (outflow) from financing activities	20(b)	4,130	(6,913)
Cash inflow / (outflow) from investing activities	20(c)	704	(274)
		<hr/>	<hr/>
Increase in cash and cash equivalents		3,675	1,474
Cash and cash equivalents at beginning of the period		2,267	793
Currency fluctuations		19	-
		<hr/>	<hr/>
Cash and cash equivalents at end of the period		<u>5,961</u>	<u>2,267</u>
Cash and cash equivalents comprise:			
Cash at bank and in hand		<u>5,961</u>	<u>2,267</u>

PE Jones (Properties) Limited

Statement of Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items considered material to the Group's affairs:

General Information

PE Jones (Properties) Limited is a company limited by shares incorporated in England. The registers address is Emerson House, Heyes Lane, Alderly Edge, Cheshire, SK9 7LF. The nature of the Group's operations and its principal activities are set out in the Strategic Report.

Basis of Accounting

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006 and have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit and loss.

The financial statements are prepared in sterling which is the functional currency of the Group.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report.

The Group meets its day to day working capital requirements through its cash resources and committed banking facilities. Based on the Group's forecast and projections together with available market information and the directors' knowledge and experience of the Group's property portfolio and markets, the directors have a reasonable expectation that the Group has adequate resources to continue trading for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Basis of Consolidation

The consolidated accounts comprise the accounts of the parent company with its subsidiary undertakings all drawn up to 30 April with the exception of Conrocha Limitada which is registered in Portugal and prepares its accounts to 31 December. The directors consider that the use of these accounts does not result in a material difference to the accounts. As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented for PE Jones (Properties) Limited. The parent company result for the year is disclosed on page 10. There was no other comprehensive income in the year (2016: £nil).

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgement (apart from those involving estimates) which has the most significant effect on amounts recognised in the financial statements is the revaluation of investment properties.

The Group carries its investment property at fair value, with changes in fair value being recognised in profit and loss. Although the Group uses external professional advisors and the Group Valuation Surveyor to determine fair value the valuation of the Group's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As a result, the valuations the Group places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the property market.

Investments

Investments in group undertakings are recorded at cost less any provision for impairment. Entities in which the Group holds an interest on a long term basis and are jointly controlled by the Group and one or more other parties are treated as joint ventures. The Group's share of the profits less losses of the Joint Ventures is included in the Group profit and loss account and its interest in their net assets is included in the Group balance sheet.

PE Jones (Properties) Limited

Statement of Principal Accounting Policies

Investment Properties

Investment properties comprise properties and interests in land held either to earn rental income or for capital appreciation, or both.

Investment properties are initially measured at cost, including related transaction costs. Borrowing costs associated with direct expenditure on investment properties under development are capitalised. Interest is capitalised from the commencement of the development work until the date of practical completion or, if earlier, the date that outgoings exceed income.

After initial recognition, investment properties are carried at their fair values based on market value as determined at each reporting date. The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the profit and loss account as a valuation surplus or deficit. Profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

Tangible Fixed Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. The cost of freehold property includes interest paid on funds specifically taken out to finance assets in the course of construction.

Depreciation

Freehold and long leasehold property held for investment purposes is not depreciated because in the opinion of the Directors there has been no permanent diminution in value. Ground rents and land are not depreciated but short leasehold property is depreciated over the period of the lease. Plant and machinery is depreciated over its working life on a straight line basis using rates varying between 10% and 20%.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Completed Developments

Completed developments are commercial properties held for sale shown at the lower of cost or net realisable value. Cost is as defined in the work in progress policy below. The period in which sales of completed developments are accounted for is determined by the date of completion of the contract.

Land and Work in Progress

Land and work in progress are valued at the lower of cost and net realisable value. Cost comprises land and associated acquisition costs, direct materials and subcontract work, other direct costs and those overheads that have been incurred in bringing the inventories to their present location and condition, and interest incurred on attributable financing facilities.

Turnover

Group turnover comprises amounts invoiced for construction works and other services carried out for customers outside the Group during the year. Turnover is recognised on practical completion or certification of the work undertaken or provision of the services. Rents receivable are included on an accruals basis, with annual rents credited to profit and loss on a straight line basis over the expected term of the lease. It excludes the proportion of turnover of Joint Ventures attributable to the Group and transactions within the Group.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

PE Jones (Properties) Limited

Statement of Principal Accounting Policies

Foreign Currencies

The results of overseas undertakings are translated at the average exchange rates for the year. All assets and liabilities in foreign currencies have been translated into sterling at the rate of exchange ruling at the Balance Sheet date. Differences on exchange arising from the retranslation of overseas net assets and results are taken to reserves and are reported in other comprehensive income. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Lease Transactions

The costs of operating leases are charged against profits as they accrue. Assets acquired under finance leases are capitalised and the corresponding liability shown in creditors.

Incentive payments and rent free periods given to new tenants are treated as a reduction in revenue and initially recorded as prepayments. These are charged to profit and loss over the expected term of the lease. Where such prepayments relate to investment properties, the properties are carried at fair value less the amount of the unamortised incentive.

Financial Instruments

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in interest payable in the profit and loss account.

Other basic financial instruments including trade debtors, trade creditors and amounts due to and from related parties, with no stated interest rate and receivable or payable within one year, are recorded at transaction price. Such assets and liabilities are subsequently carried at amortised cost using the effective interest rate method. Any losses arising from impairment are recognised in the profit and loss account.

The Group uses derivative financial instruments (derivatives) such as interest rate swaps to hedge exposure to interest rate risks associated with floating rate loans. Derivatives are initially recognised at fair value on the date the contract is entered into and subsequently re-measured to fair value in future periods. Changes in fair value are recognised directly in equity unless they represent an ineffective hedging arrangement in which case they are recognised in profit and loss in net finance charges.

The cumulative gain or loss recognised in other comprehensive income is reclassified to profit and loss when the hedging relationship ends.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the Group cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Related Parties

The Company has taken advantage of exemption in section 33 of Financial Reporting Standard 102 "Related party disclosures" and has not disclosed transactions with wholly owned Group undertakings.

Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Hedge reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective.
- Profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

PE Jones (Properties) Limited

Notes to the Accounts

	<u>2017</u> £'000	<u>2016</u> £'000
1 <u>Turnover</u>		
Analysis by class of business :		
Residential	1,126	637
Commercial	6,696	6,498
	<u>7,822</u>	<u>7,135</u>
Share of Joint Ventures' turnover	7,472	5,739
	<u>15,294</u>	<u>12,874</u>
Analysis by geographical area :		
United Kingdom	7,388	7,202
Other EU countries	5,301	3,402
USA	2,605	2,270
	<u>15,294</u>	<u>12,874</u>
Group turnover, including share of Joint Ventures	<u>15,294</u>	<u>12,874</u>
United Kingdom	692	703
Other EU countries	4,175	2,766
USA	2,605	2,270
	<u>7,472</u>	<u>5,739</u>
Share of Joint Ventures' turnover	<u>7,472</u>	<u>5,739</u>
2 <u>Operating Costs</u>		
Administration costs	<u>2,108</u>	<u>2,197</u>
3 <u>Net Interest Payable</u>		
Interest Payable		
Bank loans and overdrafts	685	675
Other interest	554	573
Charge on early repayment of loan	75	-
Amortisation of debt issue costs	27	-
	<u>1,341</u>	<u>1,248</u>
Group interest payable	499	523
Share of Joint Ventures' interest payable	<u>499</u>	<u>523</u>
Total Interest Payable	<u>1,840</u>	<u>1,771</u>
Interest Receivable		
Bank interest	1	3
Other interest	-	(16)
	<u>1</u>	<u>(13)</u>
Group interest receivable	9	22
Share of Joint Ventures' interest receivable	<u>9</u>	<u>22</u>
Total Interest Receivable	<u>10</u>	<u>9</u>
Net Interest Payable	<u>1,340</u>	<u>1,261</u>
4 <u>Profit on Ordinary Activities Before Taxation</u>		
is stated after charging :		
Depreciation of tangible fixed assets	111	119
Inventory expensed in the year	407	179
Directors' emoluments	662	654
Auditors' remuneration	29	30
	<u>1,209</u>	<u>1,082</u>
and after crediting:		
Rental income	<u>4,996</u>	<u>4,872</u>

PE Jones (Properties) Limited

Notes to the Accounts

	<u>2017</u>	<u>2016</u>
	£'000	£'000
5 <u>Tax on Profit on Ordinary Activities</u>		
Current year: Corporation tax at 19.92% (2016: 20.00%)	392	297
Overseas taxation	7	1
Adjustment in respect of prior years	(10)	(24)
	<hr/>	<hr/>
Total current tax charge	389	274
Deferred taxation - credit for the year	(178)	(41)
Deferred taxation - prior year under provision	19	-
	<hr/>	<hr/>
Group taxation expense	230	233
Share of Joint Ventures' taxation	673	419
	<hr/>	<hr/>
Total taxation expense	<u>903</u>	<u>652</u>
 Tax reconciliation:		
Profit on ordinary activities before tax	<u>4,707</u>	<u>4,521</u>
 Tax on profit on ordinary activities at standard UK corporation tax rate 19.92% (2016: 20.00%)	938	904
 Effects of:		
Net expenses not deductible for tax purposes	12	13
Tax losses and other timing differences	(103)	(5)
Indexation relief on chargeable gains	(182)	(67)
Difference in overseas tax rates	329	2
Impact of reduction in UK tax rates	(99)	(176)
Adjustment in respect of prior years	8	(19)
	<hr/>	<hr/>
Total current tax	<u>903</u>	<u>652</u>

Finance Act 2016 became enacted on 15 September 2016 and provides that the rate of corporation tax from 1 April 2020 will be 17%. United Kingdom deferred tax balances at 30 April 2017 are expected to reverse after 2020 and are therefore measured at the revised rate of 17%.

PE Jones (Properties) Limited

Notes to the Accounts

6 Dividends on Shares Classed as Equity

<u>2017</u>	<u>2016</u>
<u>£'000</u>	<u>£'000</u>

Paid during the year :

One Equity interim dividend of £19.23 per share, and a final dividend of £19.23 per share. (2016 one Equity interim dividend of £8.00 per share and a final dividend of £19.23 per share).

<u>100</u>	<u>71</u>
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Certain shareholders waived their dividend entitlement.

7 Employees

	Group		Company	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Staff emoluments, including Directors were as follows:				
Wages and salaries	829	784	686	674
Social security costs	115	113	88	90
Pension contributions	2	2	2	2
	946	899	776	766
	No.	No.	No.	No.
The average weekly number of staff, including Directors employed during the year was :	19	20	6	6

8 Key Management Personnel

The Directors have authority and responsibility for planning directing and controlling the activities of the group and are considered to be the key management personnel. Total remuneration in respect of these individuals is provided below.

	<u>2017</u>	<u>2016</u>
	<u>£'000</u>	<u>£'000</u>
Directors emoluments	662	654
Pension contributions	2	2
	664	656

The highest paid Director received £210,000 in the year (2016 : £208,000).

9 Investment Properties

Group

Freehold and long leasehold land and buildings :

£'000

At 1 May 2016	50,036
Additions	193
Surplus on revaluation	354

At 30 April 2017	50,583
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The historical cost of investment properties is £42,634,000 (2016 : £42,441,000) which includes £444,500 (2016 : £444,500) of capitalised interest.

Investment properties of £18,170,000 were valued as at 30 April 2017 by Lambert Smith Hampton LLP. The remaining portfolio was valued by the Group Valuation Surveyor, who is a member of the Royal Institution of Chartered Surveyors. All valuations were carried out on a "Market Value Basis" as defined within the Practice Statements contained in the RICS Valuation Professional Standards published by the Royal Institution of Chartered Surveyors.

PE Jones (Properties) Limited

Notes to the Accounts

10 Tangible Fixed Assets

<u>Group</u>	Plant and Machinery £'000	Land, Buildings and Ground Rents £'000	Total £'000
<u>Cost</u>			
At 1 May 2016	1,175	1,845	3,020
Currency fluctuations	32	137	169
Additions	103	-	103
Disposals	(29)	-	(29)
At 30 April 2017	<u>1,281</u>	<u>1,982</u>	<u>3,263</u>
<u>Depreciation</u>			
At 1 May 2016	831	725	1,556
Currency fluctuations	30	56	86
Charge for the year	84	27	111
Disposals	(29)	-	(29)
At 30 April 2017	<u>916</u>	<u>808</u>	<u>1,724</u>
<u>Net Book Value</u>			
At 30 April 2017	<u>365</u>	<u>1,174</u>	<u>1,539</u>
At 30 April 2016	<u>344</u>	<u>1,120</u>	<u>1,464</u>
<u>Company</u>		Land, Buildings and Ground Rents £'000	Total £'000
<u>Cost</u>			
At 1 May 2016 and 30 April 2017		<u>1,451</u>	<u>1,451</u>
<u>Depreciation</u>			
At 1 May 2016		944	944
Charge for the year		172	172
At 30 April 2017		<u>1,116</u>	<u>1,116</u>
<u>Net Book Value</u>			
At 30 April 2017		<u>335</u>	<u>335</u>
At 30 April 2016		<u>507</u>	<u>507</u>

Freehold Land, Buildings and Ground Rents of the Company comprises Short Leasehold Property of £289,000 (2016: £461,000), Land of £45,000 (2016: £45,000) and Ground Rents of £1,000 (2016: £1,000). Ground Rents are capitalised at 4 years' purchase (2016 : 4 years) and are not depreciated.

PE Jones (Properties) Limited

Notes to the Accounts

11 Investments

	Group		Company	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	£'000	£'000	£'000	£'000
<u>Cost</u>				
Shares in subsidiary undertakings	-	-	473	473
Shares in joint ventures	-	-	1	1
Share of net assets of joint ventures	24,563	22,621	-	-
Shares in other unquoted companies	12	12	12	12
	<u>24,575</u>	<u>22,633</u>	<u>486</u>	<u>486</u>

Details of Subsidiary Undertakings and Joint Ventures are shown on page 25.

The principal Joint Venture company is Emerson Investments International Inc (EIII), (50% indirect holding) a company incorporated in the United States which is engaged in property investment and development. Additional disclosures are given in respect of the investments in Joint Ventures, which exceeds certain thresholds under FRS 102, as follows:-

<u>Total Investment in Joint Ventures</u>	<u>2017</u>	<u>2016</u>
	£'000	£'000
Turnover	<u>7,472</u>	<u>5,739</u>
Profit before taxation	2,253	2,091
Taxation	(673)	(419)
Profit after taxation	<u>1,580</u>	<u>1,672</u>
Fixed assets	48,513	38,994
Current assets	13,241	13,185
Share of gross assets	<u>61,754</u>	<u>52,179</u>
Liabilities due within one year	23,716	17,755
Liabilities due after one year	13,475	11,803
Share of gross liabilities	<u>37,191</u>	<u>29,558</u>
Share of net assets	<u>24,563</u>	<u>22,621</u>

PE Jones (Properties) Limited

Notes to the Accounts

11 Investments (continued)

<u>Principal Joint Venture (EIII)</u>	<u>2017</u> £'000	<u>2016</u> £'000
Turnover	<u>2,605</u>	<u>2,270</u>
Profit before taxation	1,825	202
Taxation	(686)	(99)
Profit after taxation	<u>1,139</u>	<u>103</u>
Fixed assets	30,583	22,673
Current assets	1,193	998
Share of gross assets	<u>31,776</u>	<u>23,671</u>
Liabilities due within one year	13,978	9,193
Liabilities due after one year	12,350	10,678
Share of gross liabilities	<u>26,328</u>	<u>19,871</u>
Share of net assets	<u>5,448</u>	<u>3,800</u>

In the opinion of the Directors the value of the investments is not less than the amount included in the balance sheet.

12 Completed Developments

	<u>2017</u> £'000	<u>2016</u> £'000
<u>Group and Company</u>		
Completed developments as valued in 1977	65	65
Completed developments at cost	729	729
	<u>794</u>	<u>794</u>

On the historical cost basis completed developments would have been included at £771,000 (2016 : £771,000)

13 Stocks

	<u>Group</u>		<u>Company</u>	
	<u>2017</u> £'000	<u>2016</u> £'000	<u>2017</u> £'000	<u>2016</u> £'000
Land	164	168	-	-
Work in progress	4,363	4,411	-	-
	<u>4,527</u>	<u>4,579</u>	-	-

PE Jones (Properties) Limited

Notes to the Accounts

14 Debtors

	Group		Company	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	£'000	£'000	£'000	£'000
Trade debtors	157	152	-	-
Amounts owed by Group companies	-	-	2,063	1,410
Amounts owed by related parties	4,614	4,289	1,338	1,305
Other debtors	271	139	-	-
Corporation tax recoverable	39	33	154	175
Prepayments and accrued income	948	1,196	193	151
	<u>6,029</u>	<u>5,809</u>	<u>3,748</u>	<u>3,041</u>

15 Creditors: Amounts Falling Due Within One Year

	Group		Company	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	£'000	£'000	£'000	£'000
Bank overdrafts (secured)	-	-	2,241	1,805
Long term loans	5,540	3,320	-	50
Trade creditors	321	340	-	-
Amounts owed to Group companies	-	-	1	-
Amounts owed to related parties	16,314	21,367	1,100	1,100
Other taxation and social security	189	138	33	24
Corporation tax payable	480	374	-	-
Other creditors	77	305	2	-
Directors loan accounts	794	625	794	625
Derivative financial liabilities	314	665	-	-
Accruals	2,307	2,013	143	185
	<u>26,336</u>	<u>29,147</u>	<u>4,314</u>	<u>3,789</u>

Bank overdrafts include the financing of specific properties which are secured by a first legal charge on the properties concerned. Directors' loans are unsecured and are non-interest bearing.

16 Creditors: Amounts Falling Due After More Than One Year

	Group		Company	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	£'000	£'000	£'000	£'000
Long Term Loans:				
Repayable in full between two & five years	9,635	6,780	-	-
Repayable by instalments between two & five years	1,150	1,025	-	1,025
Repayable by instalments between one & two years	540	53	-	50
Debt issue costs	(135)	-	-	-
	<u>11,190</u>	<u>7,858</u>	<u>-</u>	<u>1,075</u>

Long term loans are secured by a first legal charge on the properties concerned and are at fixed rates between 2.65% and 6.05% and are repayable in full at each maturity date.

PE Jones (Properties) Limited

Notes to the Accounts

17 Provisions for liabilities

	Group Deferred Taxation £'000	Company Deferred Taxation £'000
<u>Group</u>		
At 1 May 2016	1,430	15
Credit for the year	(159)	(6)
Other comprehensive income	66	-
	<hr/>	<hr/>
At 30 April 2017	<u>1,337</u>	<u>9</u>

	Group		Company	
The deferred tax liability comprises the following deferred tax liabilities / (assets)	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Capital allowances	814	853	9	15
Investment property revaluation	584	705	-	-
Derivative financial liabilities	(53)	(120)	-	-
Other short-term timing differences	(8)	(8)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>1,337</u>	<u>1,430</u>	<u>9</u>	<u>15</u>

18 Financial Instruments

The Group's and Company's financial instruments are analysed as follows:

Financial Assets

Financial assets that are debt instruments measured at amortised cost

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
	10,983	12,998	3,868	3,035

Financial Liabilities

Financial liabilities measured at amortised cost

Derivative financial instruments designated as hedges of variable rate interest risk

	2017 £'000	2016 £'000	2017 £'000	2016 £'000
	36,659	42,013	4,282	4,841
	314	665	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>36,973</u>	<u>42,678</u>	<u>4,282</u>	<u>4,841</u>

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by joint ventures and associated undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accruals. Derivative financial instruments comprise interest rate swaps.

Information regarding the Group's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Strategic Report.

19 Called Up Share Capital

	Authorised, allotted and fully paid £
10,000 ordinary shares of £1 each	<u>10,000</u>

There was no change in share capital in either year.

PE Jones (Properties) Limited

Notes to the Accounts

20 Group Cash Flow Statement

	<u>2017</u> £'000	<u>2016</u> £'000		
(a) Reconciliation of profit for the year to net cash (outflow)/inflow from operating activities				
Profit for the financial year	3,804	3,869		
Adjustments for:				
Tax on profit on ordinary activities	230	233		
Net interest expense	1,340	1,261		
Net income from Joint Ventures	(1,580)	(1,672)		
	<hr/>	<hr/>		
Operating profit	3,794	3,691		
Revaluation surplus	(354)	(748)		
Depreciation charge	111	119		
Decrease in stocks	396	179		
Decrease in debtors	89	142		
(Decrease) / Increase in creditors	(4,890)	5,531		
Exchange movements	3	-		
	<hr/>	<hr/>		
	<u>(851)</u>	<u>8,914</u>		
(b) Returns on investments and servicing of finance				
Interest received	2	(12)		
Interest paid	(1,221)	(1,282)		
Charge on early repayment of loan	(75)	-		
Debt issue costs	(163)	-		
Dividends paid to owners	(100)	(71)		
New long term loans	12,300	-		
Repayment of long term loans	(6,613)	(5,548)		
	<hr/>	<hr/>		
	<u>4,130</u>	<u>(6,913)</u>		
(c) Capital expenditure and financial investment				
Payment to acquire investment properties	(193)	(255)		
Payments to acquire tangible fixed assets	(103)	(169)		
Dividends from Joint Ventures	1,000	150		
	<hr/>	<hr/>		
	<u>704</u>	<u>(274)</u>		
(d) Analysis of Group net debt				
	At 1 May 2016 £'000	Cash Flow £'000	Currency Fluctuations £'000	At 30 April 2017 £'000
Cash at bank and in hand	2,267	3,675	19	5,961
Long term loans	(11,178)	(5,687)	-	(16,865)
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>(8,911)</u>	<u>(2,012)</u>	<u>19</u>	<u>(10,904)</u>

PE Jones (Properties) Limited

Notes to the Accounts

21 Related Party Transactions

The Group is related to Emerson Developments (Holdings) Limited, a company which is subject to common influence. Amounts outstanding with the Group are disclosed in notes 14 and 15.

During the year the Group has :

- a) Received property management services from companies within the Emerson Developments (Holdings) Limited Group, for which management fees of £88,779 (2016 : £99,738) were charged and fully paid during the year.
- b) Been invoiced for property refurbishment and maintenance work amounting to £527,995 (2016: £270,204), carried out on normal commercial terms. An amount of £226,731 is shown in creditors at 30 April 2017.
- c) Invoiced goods and services to the value of £823,934 (2016: £863,647), to Orbit Investments (Properties) Limited, a subsidiary of Emerson Developments (Holdings) Limited. At the year end there were debtors of £198,018.
- d) Received rental income of £30,000 (2016: £30,000) in respect of property let to Emerson Developments (Holdings) Limited. This was fully paid in the year.
- e) Received short term loans from Emerson Developments (Holdings) Limited of £19,445,560 (2016: £19,445,560) and Woodblane Developments Limited of £1,100,000 (2016: £1,100,000) during the year at appropriate commercial rates of interest.
- f) Certain directors provided loans to the company during the year. Details are disclosed in note 15.

22 Capital Commitments

There were no capital commitments at 30 April 2017 or 30 April 2016.

23 Operating Leases

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

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Not later than 1 year	4,561	4,429	604	570
After 1 year but not later than 5 years	8,520	7,762	1,448	1,715
After 5 years	2,497	2,821	805	928
	15,578	15,012	2,857	3,213

24 Contingent Liabilities

The company is party to a composite cross guarantee in favour of its bankers for all amounts due to the bank by the following companies :

Court Properties (Portugal) Limited
Deanbank Investments Limited
Sandle Heath Supplies Limited
Fair City Property Co Limited

The maximum liability of this cross guarantee at 30 April 2017 was £nil (2016 : £nil)

PE Jones (Properties) Limited

GROUP STRUCTURE

The Group's related undertakings and their respective activities are as follows:

	Percentage of issued ordinary shares held		Principal activities
	By Parent Undertaking	By Subsidiary Undertaking	
Careways Management Services, Lda (incorporated in Portugal) (5)		38%	Property management
Conrocha, Lda (incorporated in Portugal) (6)	100%		Property management
Court Properties (Portugal) Limited (1)	100%		Housebuilding
Deanbank Investments International Inc (incorporated in USA) (7)		100%	Holding company
Deanbank Investments Limited (1)	100%		Property management
Edge Creek, LLC (incorporated in USA) (7)		50%	Holding company
Edge Creek Investments, LLC (incorporated in USA) (7)		50%	Holding company
Edge Wear Properties Limited (1)	50%		Property management
Emerson Investments International Inc (incorporated in USA) (7)		50%	Property development
Essential Fitness & Spa, Lda (incorporated in Portugal) (5)		50%	Leisure services
Fair City Property Co Limited (3)	100%		Property management
Lakeside Village – Empreendimentos Turisticos, Lda (incorporated in Portugal) (6)		50%	Property development
Lifetrend Developments Limited (1)	9%		Housebuilding
Orbit Developments (Southern) Limited (1)	9%		Property management
Parkway Outdoor Digital Limited (2)		50%	Digital advertising
Quinta da Boavista, S.A. (incorporated in Portugal) (5)		50%	Residential and leisure development
Quinta da Boavista Construção, Lda (incorporated in Portugal) (5)		25%	Construction
Sandle Heath Nurseries Limited (1)		100%	Property management
Sandle Heath Supplies Limited (2)		100%	Equipment Leasing
Starvillas – Portuguesa Investimentos Turisticos, Lda (incorporated in Portugal) (6)		50%	Property management
Transview – Redes e Servicos de Comunicacoes Electronicas, Lda (incorporated in Portugal) (5)		50%	Equipment Leasing
Vaupro – Sociedade de Mediação Imobiliária, Lda. (incorporated in Portugal) (6)		50%	Property management
Vilas do Vau – Empreendimentos Imobiliários, Lda (incorporated in Portugal) (6)		40%	Property development

The Group's non-trading undertakings are as follows:

Company Registration Number

03979536 (2)
2170431 (1)
7475620 (1)
3045217 (1)
03348014 (1)
2210028 (1)
2215059 (1)
2163704 (1)
4584360 (2)
2734121 (1)
10202117 (1)
506302717 (incorporated in Portugal) (5)
507051319 (incorporated in Portugal) (5)

All companies shown are incorporated in England and wholly owned except where indicated otherwise and operate in their country of incorporation.

Registered Office Address Key

1 - Emerson House, Heyes Lane, Alderley Edge, Cheshire, SK9 7LF
2 - 3 Grove Street, Wilmslow, SK9 1DU
3 - Lifetrend House, Heyes Lane, Alderley Edge, Cheshire, SK9 7LF
4 - c/o Grant Thornton, 8 - 110 Queen St, Glasgow, G1 3BX

5 - Quinta Da Boavista, 8601-901 Lagos Lagos, Portugal
6 - Portimao, Praia do Vau, Portimão, 8500-820 Portimao, Portugal
7 - 370 CenterPointe Circle, Suite 1136, Altamonte Springs, FL 32701

PE Jones (Properties) Limited

Independent Auditor's Report to the Members of

PE Jones (Properties) Limited

We have audited the financial statements of PE Jones (Properties) Limited for the year ended 30 April 2017 which comprise the Group profit and loss account, the Group statement of total comprehensive income, the Group and Company balance sheets, the Group and Company statement of changes in equity and the Group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and republic of Ireland'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements :

- Give a true and fair view of the state of the Group's and the parent company's affairs as at 30 April 2017 and of the Group's profit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The 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.

Grant Thornton UK LLP

Carl Williams
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester

PE Jones (Properties) Limited

Detailed company Profit and Loss Account

Year Ended 30 April 2017

	2017	2016
	£'000	£'000
<u>Turnover</u>		
Rental income	710	650
Management charge	670	670
	<hr/>	<hr/>
	1,380	1,320
<u>Net Operating expenses</u>		
Sundry expenses	2	1
Portfolio Holding Costs	6	42
Marketing expenditure	(2)	15
Property refurbishment	-	48
Bank Charges	-	1
Finance costs	-	6
Wages and Salaries	776	766
Audit and accountancy	29	30
Professional fees	-	5
Exchange movements	(10)	(9)
General Consultancy	3	6
Expenses sundry completed sites	1	1
Depreciation	172	172
Registration fees	-	-
	<hr/>	<hr/>
	(977)	(1,084)
Interest receivable	1	2
Interest payable	(177)	(246)
	<hr/>	<hr/>
Company net loss	227	(8)
Dividend Received	1,000	150
Taxation	(35)	26
	<hr/>	<hr/>
Retained profit	<u>1,192</u>	<u>168</u>