

PE Jones (Properties) Limited

Report and Accounts

Year Ended 30 April 2018

Company registration number: 00667252



PE JONES (PROPERTIES) LIMITED

REPORT & ACCOUNTS Year Ended 30 April 2018

Company Registration No. 00667252

Contents

Page 1	Chairman's Statement
Page 2-4	Strategic Report
Page 5	Report of the Directors
Page 6	Group Profit and Loss Account
Page 7	Group Statement of Comprehensive Income
Page 8	Group Balance Sheet
Page 9	Company Balance Sheet
Page 10	Group and Company Statement of Changes in Equity
Page 11	Group Statement of Cash Flows
Page 12-14	Statement of Principal Accounting Policies
Page 15-23	Notes to the Accounts
Page 24	Group Structure
Page 25-26	Independent Auditor's Report
Front Cover	Bela Colina, Boavista Golf & Spa Resort, Lagos, Algarve, Portugal

PE 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, remaining stable at £4.3m (2017: £4.3m).

This year, there was a surplus property revaluation of £1.7m (2017: £0.4m), resulting in a reported profit before tax of £5.6m (2017: £4.7m).

Net bank borrowings increased by £11.3m to £28.2m and shareholders' funds grew by £6.0m to £61.2m.

Review of Operations

Despite continuing economic uncertainty commercial property remains resilient with positive rental and capital growth across all the main sectors, with industrial leading the way. It is pleasing to report that the value of the UK property portfolio appreciated by £1.7m in the year, largely as a result of the proactive management of the Group's property portfolio as well as improvements in the general market.

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

The economy in Portugal's Algarve region continues to show modest growth, largely driven by increasing tourist numbers. The performance of our Algarve resorts largely benefitted from this which directly translated into the trading results of our operations at Boavista Golf & Spa Resort and The Lakeside Country Club. The stock of rental units at Bela Colina, within the Boavista Golf & Spa Resort, was increased to 96 and further units will be built in the forthcoming financial year. This contributed to the overall increase in turnover from rental property, golf, restaurant and spa activity. 15 properties were sold in the year at Boavista.

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 improved slightly to 78% but lettings have been positive after a number of large, expected, vacancies. The Central Florida economy continues to grow strongly with both employment and population increasing. This is maintaining and even improving demand for the US commercial property portfolio.

Future Outlook

Disappointingly, after a full year of Brexit negotiations, the UK business community is no clearer on what terms they will conduct their international trade in the future. However, there has been little change over the last twelve months in the underlying economic indicators, which remain favourable. Funding is available and interest rates have remained modest. Whilst the full impact of Brexit is yet to be determined, and this could disrupt future trading conditions, the business is well placed to take advantage of any new opportunities that it brings with it.

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

Our business in the USA has been established over many years and it is now making consistent sustainable profits which are enabling growth in the commercial property sector.

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



PE Jones OBE

Chairman

1 November 2018

PE JONES (PROPERTIES) LIMITED

Strategic Report

Year Ended 30 April 2018

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 in excess of £61m 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 Oásis Parque Country Club, Portimão, the exclusive residential, golf and spa development of Quinta da Boavista, Lagos and The Lakeside Country Club at Quinta do Lago.

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 debt 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.

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 and principal 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.

PE JONES (PROPERTIES) LIMITED

Strategic Report Year Ended 30 April 2018

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) decreased by 6.1% to £7.3m (2017: £7.8m), reflecting fewer sales completions at Oásis Parque. The consequent reduction in Gross Profit to £5.3m (2017: £5.5m) was partially offset by lower financing costs, resulting in underlying profit (before revaluations and tax) remaining at £4.3m (2017: £4.3m).

There was a £1.7m surplus on revaluation of investment properties (2017: £0.4m surplus), producing a net profit before tax of £5.6m (2017: £4.7m).

Bank borrowings increased by £11.3m to £28.2m following the drawdown of a new secured £12.0m five year fixed rate facility.

The average cost of long term debt reduced to 3.4% at the year end (2017: 3.8%) and passing rents of £4.6m continue to provide a comfortable £2.9m surplus over debt service costs.

The net asset value of the Group grew by 10.9% to £61.2m.

PE JONES (PROPERTIES) LIMITED

Strategic Report Year Ended 30 April 2018

UK Commercial

Against a backdrop of growing economic uncertainty and an increasingly challenging retail market, the Group's UK commercial division delivered a solid result for the year. The anticipated vacation at lease expiry of a long-standing tenant at Cobden House, Manchester, was offset by new lettings across the wider portfolio, particularly at the rebranded 2 City Approach, Eccles, leaving occupancy little changed at 87%. A surplus on revaluation of £1.7m in the year increased the total value of UK investment property to £52.3m.

Edge Wear Properties Limited, our joint venture with Milnes Investments Limited, contributed £0.3m to Group profit, in line with the prior year.

Despite the current economic situation, the immediate outlook for the UK commercial division is expected to remain relatively stable. The Group will continue to focus on the proactive management and marketing of vacant space and delivery of quality accommodation to commercial tenants. Cobden House, Manchester is now fully refurbished, providing quality city centre retail and office accommodation and has already attracted firm interest. Improvement in the underlying contribution from UK commercial property will depend on the conversion of this interest to lease and the successful letting of other void space.

International

Portugal

The country continues to enjoy healthy economic growth largely due to higher foreign investment, an improving tourism industry and resilient private consumption supported by strong job creation. These factors supported an 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 15 properties and an increase in rental stock to 96 units, with rental income growing by 33% year on year. This contributed to a similar improvement in net income for clubhouse operations such as golf, spa and restaurant activities.

USA

The Central Florida economy continues to grow strongly and is now routinely ranked as one of the top 5 markets in the USA to invest in. The main driver of this is population growth which is being supported by jobs growth, 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 are affecting 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 to be able to continue to develop for the foreseeable future.

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



PE Jones OBE

Director

| November 2018

PE JONES (PROPERTIES) LIMITED

Report of the Directors

Year Ended 30 April 2018

The Directors have pleasure in presenting their report, together with the audited accounts for the year ended 30 April 2018.

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 laws, 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 Qualifying Third Party Indemnity Provisions

During the year a qualifying third party indemnity provision for the benefit of all Directors was in force.

4 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.

5 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.

6 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 1 November 2018 and signed on behalf of the Board.

V Maharaj
Secretary



PE JONES (PROPERTIES) LIMITED

Group Profit and Loss Account

Year Ended 30 April 2018

	Notes	2018 £'000	2017 £'000
Turnover including share of Joint Ventures	1	16,100	15,294
Less: Share of Joint Ventures		<u>(8,758)</u>	<u>(7,472)</u>
Group turnover		7,342	7,822
Cost of sales		<u>(2,012)</u>	<u>(2,274)</u>
Gross profit		5,330	5,548
Operating costs	2	(2,371)	(2,108)
Share of profit in Joint Ventures		<u>2,464</u>	<u>1,580</u>
Underlying Group operating profit		5,423	5,020
Revaluation surplus		<u>1,650</u>	<u>354</u>
Group operating profit		7,073	5,374
Net interest payable	3	<u>(1,096)</u>	<u>(1,340)</u>
Profit on ordinary activities before taxation	4	5,977	4,034
Tax on profit on ordinary activities	5	<u>(494)</u>	<u>(230)</u>
Profit for the financial year		<u><u>5,483</u></u>	<u><u>3,804</u></u>
Profit is attributable to:			
Owners of the Parent		5,483	3,804
Non-controlling interests		<u>—</u>	<u>—</u>
		<u><u>5,483</u></u>	<u><u>3,804</u></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 2018

	2018 £'000	2017 £'000
Profit for the financial year:		
Owners of the Parent	5,483	3,804
Non-controlling interests	<u>—</u>	<u>—</u>
	5,483	3,804
Other comprehensive income;		
Cash flow hedges:		
Change in value of hedging instrument	278	154
Reclassification to profit and loss	86	197
Currency translation differences	350	2,028
Total tax on components of other comprehensive income	<u>(60)</u>	<u>(85)</u>
Other comprehensive income for the year net of tax	<u>654</u>	<u>2,294</u>
Total comprehensive income for the year	<u><u>6,137</u></u>	<u><u>6,098</u></u>
Total comprehensive income is attributable to:		
Owners of the Parent	6,137	6,098
Non-controlling interests	<u>—</u>	<u>—</u>
	<u><u>6,137</u></u>	<u><u>6,098</u></u>

PE JONES (PROPERTIES) LIMITED

Group Balance Sheet

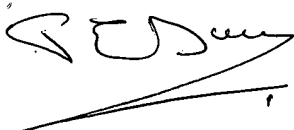
Company Registration No. 00667252

As at 30 April 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed Assets					
Investment properties	9		52,333		50,583
Tangible fixed assets	10		1,619		1,539
Investment in Joint Ventures	11		27,035		24,563
Investments	11		<u>12</u>		<u>12</u>
			80,999		76,697
Completed developments	12		794		794
Current Assets					
Stocks	13	4,691		4,527	
Debtors	14	4,865		6,029	
Cash		<u>6,148</u>		<u>5,961</u>	
		15,704		16,517	
Creditors: Amounts falling due within one year	15	<u>(12,637)</u>		<u>(26,336)</u>	
Net Current Liabilities			<u>3,067</u>		<u>(9,819)</u>
Total assets less current liabilities			84,860		67,672
Creditors: Amounts falling due after more than one year	16		(22,084)		(11,190)
Provisions for liabilities	17		<u>(1,544)</u>		<u>(1,337)</u>
Net Assets			<u><u>61,232</u></u>		<u><u>55,145</u></u>
Capital and Reserves					
Called up share capital	19		10		10
Hedge reserve			50		(314)
Profit and loss account			<u>61,224</u>		<u>55,501</u>
Equity Shareholders' Funds			61,284		55,197
Non-controlling interests			<u>(52)</u>		<u>(52)</u>
			<u><u>61,232</u></u>		<u><u>55,145</u></u>

The financial statements were approved and authorised for issue by the Board and signed on its behalf on 1 November 2018

PE Jones OBE
Director



PE JONES (PROPERTIES) LIMITED

Company Balance Sheet

Company Registration No. 00667252

As at 30 April 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed Assets					
Tangible fixed assets	10		163		335
Investments	11		486		486
			649		821
Completed developments	12		794		794
Current Assets					
Debtors	14	642		3,748	
Cash		3,937		355	
		4,579		4,103	
Creditors: Amounts falling due within one year	15	(4,327)		(4,314)	
Net Current Liabilities			252		(211)
Total assets less current liabilities			1,695		1,404
Creditors: Amounts falling due after more than one year	16		—		—
Provisions for liabilities	17		(4)		(9)
Net Assets			1,691		1,395
Capital and Reserves					
Called up share capital	19		10		10
Profit and loss account at the start of the year		1,385		293	
Retained profit for the year		296		1,092	
			1,681		1,385
Equity Shareholders' Funds			1,691		1,395

The financial statements were approved and authorised for issue by the Board and signed on its behalf on 1 November 2018

PE Jones OBE
Director



PE JONES (PROPERTIES) LIMITED

Group Statement of Changes in Equity

Year Ended 30 April 2018

	Issued Share Capital £'000	Hedge Reserve £'000	Profit and Loss Account £'000	Total £'000	Non- Controlling Interests £'000	Total Equity £'000
At 1 May 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
Profit for the financial year	–	–	5,483	5,483	–	5,483
Other comprehensive income for the year	–	364	290	654	–	654
Dividends paid to owners	–	–	(50)	(50)	–	(50)
At 30 April 2018	10	50	61,224	61,284	(52)	61,232

PE JONES (PROPERTIES) LIMITED

Company Statement of Changes in Equity

Year Ended 30 April 2018

	Issued Share Capital £'000	Hedge Reserve £'000	Profit and Loss Account £'000	Total Equity £'000
At 1 May 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
Profit for the financial year	–	–	346	346
Dividends paid to owners	–	–	(50)	(50)
At 30 April 2018	10	–	1,681	1,691

PE JONES (PROPERTIES) LIMITED

Group Statement of Cash Flows

Year Ended 30 April 2018

	Notes	2018 £'000	2017 £'000
Net cash outflow from operating activities	20(a)	(9,173)	(851)
Taxation paid		(366)	(308)
Cash inflow from financing activities	20(b)	9,858	4,130
Cash (outflow) / inflow from investing activities	20(c)	<u>(167)</u>	<u>704</u>
Increase in cash and cash equivalents		152	3,675
Cash and cash equivalents at beginning of the period		5,961	2,267
Currency fluctuations		<u>35</u>	<u>19</u>
Cash and cash equivalents at end of the period		<u><u>6,148</u></u>	<u><u>5,961</u></u>
Cash and cash equivalents comprise:			
Cash at bank and in hand		<u><u>6,148</u></u>	<u><u>5,961</u></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 registered address is Emerson House, Heyes Lane, Alderley 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 (2017: £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 investment in Joint Ventures is accounted for using the equity method. 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 rental income and consideration received for the sale of residential properties with amounts invoiced for other services carried out for customers outside the Group during the year. Turnover is recognised on legal completion of the sale of residential properties 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

1 Turnover	2018	2017
	£'000	£'000
Analysis by class of business:		
Residential	670	1,126
Commercial	6,672	6,696
	7,342	7,822
Share of Joint Ventures' turnover	8,758	7,472
	16,100	15,294
Analysis by geographical area:		
United Kingdom	7,350	7,388
Other EU countries	6,337	5,301
USA	2,413	2,605
Group turnover, including share of Joint Ventures	16,100	15,294
United Kingdom	678	692
Other EU countries	5,667	4,175
USA	2,413	2,605
Share of Joint Ventures' turnover	8,758	7,472
2 Operating Costs		
Administration costs	2,371	2,108
3 Net Interest Payable		
Interest Payable		
Bank loans and overdrafts	887	685
Other interest	159	554
Charge on early repayment of loan	–	75
Amortisation of debt issue costs	50	27
Group interest payable	1,096	1,341
Share of Joint Ventures' interest payable	540	499
Total Interest Payable	1,636	1,840
Interest Receivable		
Bank interest	–	1
Group interest receivable	–	1
Share of Joint Ventures' interest receivable	6	9
Total Interest Receivable	6	10
Net Group Interest Payable	1,096	1,340
4 Profit on Ordinary Activities Before Taxation		
is stated after charging:		
Depreciation of tangible fixed assets	123	111
Inventory expensed in the year	114	407
Directors' emoluments	625	662
Auditors' remuneration	24	29
and after crediting:		
Rental income	5,017	4,996

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

5 Tax on Profit on Ordinary Activities	2018	2017
	£'000	£'000
Current year: Corporation tax at 19.0% (2017: 19.92%)	350	392
Overseas taxation	2	7
Adjustment in respect of prior years	(3)	(10)
Total current tax charge	349	389
Deferred taxation – charge for the year	143	(178)
Deferred taxation – prior year under provision	2	19
Group taxation expense	494	230
Share of Joint Ventures' taxation	(327)	673
Total taxation expense	167	903
Tax reconciliation:		
Profit on ordinary activities before tax	5,650	4,707
Tax on profit on ordinary activities at standard UK corporation tax rate 19.0% (2017: 19.92%)	1,073	937
Effects of:		
Net expenses not deductible for tax purposes	16	12
Tax losses and other timing differences	(193)	(103)
Indexation relief on chargeable gains	(142)	(182)
Difference in overseas tax rates	154	329
Impact of reduction in tax rates	(740)	(99)
Adjustment in respect of prior years	(1)	9
Total current tax	167	903

Finance Act 2016 became enacted on 15 September 2016 and provided that the rate of corporation tax from 1 April 2020 will be 17%. United Kingdom deferred tax balances at 30 April 2018 are expected to reverse after 2020 and are therefore measured at the revised rate of 17%.

On 22 December 2017, The Tax Cuts and Jobs Act ('2017 Act') was signed into United States Law and introduced a broad range of reforms including a reduction in the US Corporate tax rate from a graduated rate up to 35% to a flat rate of 21%. This measure is effective for tax years beginning after 31 December 2017. United States deferred tax balances at 30 April 2018 have therefore been measured at revised rates of 21%.

6 Dividends on Shares Classed as Equity	2018	2017
	£'000	£'000
Paid during the year:		
An interim dividend of £19.23 per share.		
(2017: An interim dividend of £19.23 per share		
and a final dividend of £19.23 per share)	50	100

Certain shareholders waived their dividend entitlement.

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

7 Employees

	Group		Company	
Staff emoluments, including Directors were as follows:	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Wages and salaries	811	829	649	686
Social security costs	115	115	82	88
Pension contributions	2	2	2	2
	<u>928</u>	<u>946</u>	<u>733</u>	<u>776</u>
	No.	No.	No.	No.
The average weekly number of staff, including Directors, employed during the year was:	<u>18</u>	<u>19</u>	<u>5</u>	<u>6</u>

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.

	2018 £'000	2017 £'000
Directors emoluments	625	662
Pension contributions	2	2
	<u>627</u>	<u>664</u>

The highest paid Director received £212,000 in the year (2017: £210,000).

9 Investment Properties

Group

Freehold and long leasehold land and buildings	£'000
At 1 May 2017	50,583
Additions	100
Surplus on revaluation	<u>1,650</u>
At 30 April 2018	<u>52,333</u>

The historical cost of investment properties is £42,734,000 (2017: £42,634,000) which includes £444,500 (2017: £444,500) of capitalised interest.

Investment properties were valued as at 30 April 2018 by the Group Valuation Surveyor, who is a member of the Royal Institution of Chartered Surveyors and include certain investment properties having a combined market value of £10,320,000 independently valued during the year by Jones Lang LaSalle. 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	Land, Buildings and Ground Rents	Total
<u>Cost</u>	£'000	£'000	£'000
At 1 May 2017	1,281	1,982	3,263
Currency fluctuations	16	76	92
Additions	159	–	159
At 30 April 2018	<u>1,456</u>	<u>2,058</u>	<u>3,514</u>
<u>Depreciation</u>			
At 1 May 2017	916	808	1,724
Currency fluctuations	17	31	48
Charge for the year	96	27	123
At 30 April 2018	<u>1,029</u>	<u>866</u>	<u>1,895</u>
<u>Net Book Value</u>			
At 30 April 2018	<u>427</u>	<u>1,192</u>	<u>1,619</u>
At 30 April 2017	<u>365</u>	<u>1,174</u>	<u>1,539</u>

<u>Company</u>	Land, Buildings and Ground Rents	Total
<u>Cost</u>	£'000	£'000
At 1 May 2017 and 30 April 2018	<u>1,451</u>	<u>1,451</u>
<u>Depreciation</u>		
At 1 May 2017	1,116	1,116
Charge for the year	172	172
At 30 April 2018	<u>1,288</u>	<u>1,288</u>
<u>Net Book Value</u>		
At 30 April 2018	<u>163</u>	<u>163</u>
At 30 April 2017	<u>335</u>	<u>335</u>

Freehold Land, Buildings and Ground Rents of the Company comprises Short Leasehold Property of £117,000 (2017: £289,000), Land of £45,000 (2017: £45,000) and Ground Rents of £1,000 (2017: £1,000).

Ground Rents are capitalised at 4 years' purchase (2017: 4 years) and are not depreciated.

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

11 Investments

	Joint Ventures £'000	Unquoted Investments £'000	Total £'000
<u>Group</u>			
At 1 May 2017	24,563	12	24,575
Currency translation	100	–	100
Share of Joint Ventures profit	2,464	–	2,464
Investment in Joint Ventures	8	–	8
Dividends received	(100)	–	(100)
At 30 April 2018	<u>27,035</u>	<u>12</u>	<u>27,047</u>

	Shares in Subsidiaries £'000	Joint Ventures £'000	Unquoted Investments £'000	Total £'000
<u>Company</u>				
At 1 May 2017 and 30 April 2018	<u>473</u>	<u>1</u>	<u>12</u>	<u>486</u>

Details of Subsidiary Undertakings and Joint Ventures are shown on page 24.

12 Completed Developments

	2018 £'000	2017 £'000
<u>Group and Company</u>		
Completed developments at cost	<u>794</u>	<u>794</u>

13 Stocks

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Land	163	164	–	–
Work in progress	<u>4,528</u>	<u>4,363</u>	<u>–</u>	<u>–</u>
	<u>4,691</u>	<u>4,527</u>	<u>–</u>	<u>–</u>

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

14 Debtors

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade debtors	204	157	6	–
Amounts owed by Group companies	–	–	358	2,063
Amounts owed by related parties	3,355	4,614	–	1,338
Other debtors	288	271	–	–
Derivative financial assets	109	–	–	–
Corporation tax recoverable	8	39	79	154
Prepayments and accrued income	901	948	199	193
	<u>4,865</u>	<u>6,029</u>	<u>642</u>	<u>3,748</u>

15 Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank overdrafts (secured)	–	–	–	2,241
Long term loans	5,885	5,540	–	–
Trade creditors	658	321	1	–
Amounts owed to Group companies	–	–	2,250	1
Amounts owed to related parties	2,167	16,314	1,100	1,100
Other taxation and social security	85	189	27	33
Corporation tax payable	425	480	–	–
Other creditors	83	77	–	2
Directors' loan accounts	816	794	816	794
Derivative financial liabilities	58	314	–	–
Accruals	2,460	2,307	133	143
	<u>12,637</u>	<u>26,336</u>	<u>4,327</u>	<u>4,314</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 non-interest bearing.

16 Creditors: Amounts Falling Due After More Than One Year

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Long Term Loans:				
Repayable in full between two & five years	19,835	9,635	–	–
Repayable by instalments between two & five years	1,540	1,150	–	–
Repayable by instalments between one & two years	895	540	–	–
Debt issue costs	(186)	(135)	–	–
	<u>22,084</u>	<u>11,190</u>	<u>–</u>	<u>–</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
At 1 May 2017	1,337	9
Charge / (Credit) for the year	145	(5)
Other comprehensive income	62	—
	<u>1,544</u>	<u>4</u>
At 30 April 2018	<u>1,544</u>	<u>4</u>

The deferred tax liability comprises the following deferred tax liabilities / (assets)

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Capital allowances	796	814	4	9
Investment property revaluation	746	584	—	—
Derivative financial instruments	9	(53)	—	—
Other short-term timing differences	(7)	(8)	—	—
	<u>1,544</u>	<u>1,337</u>	<u>4</u>	<u>9</u>

18 Financial Instruments

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

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Financial Assets				
Derivative financial instruments designated as hedges of variable rate interest risk	109	—	—	—
Financial assets that are debt instruments measured at amortised cost	<u>8,884</u>	<u>10,983</u>	<u>4,429</u>	<u>3,868</u>
	<u>8,993</u>	<u>10,983</u>	<u>4,429</u>	<u>3,868</u>
Financial Liabilities				
Derivative financial instruments designated as hedges of variable rate interest risk	58	314	—	—
Financial liabilities measured at amortised cost	<u>33,576</u>	<u>36,659</u>	<u>4,299</u>	<u>4,282</u>
	<u>33,634</u>	<u>36,973</u>	<u>4,299</u>	<u>4,282</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.

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

19 Called Up Share Capital

Authorised, allotted and fully paid
£

10,000 ordinary shares of £1 each

10,000

There was no change in share capital in either year.

20 Group Cash Flow Statement

2018
£'000

2017
£'000

(a) Reconciliation of profit for the year to net cash (outflow) / inflow from operating activities

Profit for the financial year	5,483	3,804
Adjustments for:		
Tax on profit on ordinary activities	494	230
Net interest expense	1,096	1,340
Net income from Joint Ventures	(2,464)	(1,580)
Operating profit	4,609	3,794
Revaluation surplus	(1,650)	(354)
Depreciation charge	123	111
Increase in stocks	9	396
Decrease in debtors	1,258	89
Decrease in creditors	(13,522)	(4,890)
Exchange movements	—	3
	<u>(9,173)</u>	<u>(851)</u>

(b) Returns on investments and servicing of finance

Interest received	7	2
Interest paid	(1,288)	(1,221)
Charge on early repayment of loan	—	(75)
Debt issue costs	(101)	(163)
Dividends paid to owners	(50)	(100)
New long term loans	12,000	12,300
Repayment of long term loans	(710)	(6,613)
	<u>9,858</u>	<u>4,130</u>

(c) Capital expenditure and financial investment

Expenditure on investment properties	(100)	(193)
Payments to acquire tangible fixed assets	(159)	(103)
Dividends from Joint Ventures	100	1,000
Investment in Joint Ventures	(8)	—
	<u>(167)</u>	<u>704</u>

(d) Analysis of Group net debt

	At 1 May 2017 £'000	Cash Flow £'000	Currency Fluctuations £'000	At 30 April 2018 £'000
Cash at bank and in hand	5,961	152	35	6,148
Long term loans	(16,865)	(11,290)	—	(28,155)
	<u>(10,904)</u>	<u>(11,138)</u>	<u>35</u>	<u>(22,007)</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 £229,158 (2017: £212,271) were charged and fully paid during the year.
- (b) Been invoiced for property refurbishment and maintenance work amounting to £928,787 (2017: £527,995), carried out on normal commercial terms. An amount of £236,581 is shown in creditors at 30 April 2018 (2017: £226,731).
- (c) Invoiced goods and services to the value of £771,756 (2017: £823,934), to Orbit Investments (Properties) Limited, a subsidiary of Emerson Developments (Holdings) Limited. At the year end there were debtors of £214,085 (2017: £190,018).
- (d) Received rental income of £30,000 (2017: £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 £14,235,000 (2017: £19,445,560) and Woodblane Developments Limited of £1,100,000 (2017: £1,100,000) during the year at appropriate commercial rates of interest. Amounts owed to Emerson Developments (Holdings) Limited were repaid in full during the year. At the end of the year the amount due to Woodblane Developments Limited of £1,100,000 was included in creditors.
- (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 2018 or 30 April 2017.

23 Operating Leases

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

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Not later than 1 year	4,420	4,561	573	604
After 1 year but not later than 5 years	9,146	8,520	1,435	1,448
After 5 years	2,730	2,497	578	805
	<u>16,296</u>	<u>15,578</u>	<u>2,586</u>	<u>2,857</u>

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 2018 was £nil (2017: £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 By Parent Undertaking	By Subsidiary Undertaking	Principal Activities
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 International Investments, 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 Construco, 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 Comunicaces Electronicas, Lda (incorporated in Portugal) (5)		50%	Equipment Leasing
Vaupro – Sociedade de Mediacao Imobiliaria, Lda. (incorporated in Portugal) (6)		50%	Property Management
Vilas do Vau – Empreendimentos Imobiliarios, Lda (incorporated in Portugal) (6)		40%	Property Development

The Group's non trading undertakings are as follows:

Company Registration Numbers:

03979536 (2)	2170431 (1)	7475620 (1)	3045217 (1)	03348014 (1)	10202117 (1)
2210028 (1)	2215059 (1)	2163704 (1)	4584360 (2)	2734121 (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, Cheshire, SK9 1DU
- (3)- Lifetrend House, Heyes Lane, Alderley Edge, Cheshire, SK9 7LF
- (4)- c/o Grant Thornton, 8th Floor, 110 Queen Street, Glasgow, G1 3BX

- (5)- Quinta Da Boavista, 8601-901 Lagos, Algarve, Portugal
- (6)- Jardim Do Vau, Praia Do Vau, 8500-820 Portimo, Algarve, Portugal
- (7)- 370 CenterPointe Circle, Suite 1136, Altamonte Springs, Florida 32701, USA

PE JONES (PROPERTIES) LIMITED

Independent Auditor's Report to the Members of PE Jones (Properties) Limited

Opinion

We have audited the financial statements of PE Jones (Properties) Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 April 2018 which comprise the Group profit and loss account, the Group statement of 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 notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2018 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.

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 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.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

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 this regard.

PE JONES (PROPERTIES) LIMITED

Independent Auditor's Report to the Members of PE Jones (Properties) Limited

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.

Matter 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors for the financial statements

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, 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Grant Thornton UK LLP

Gillian Hopwood-Bell

Senior Statutory Auditor

For and on behalf of **Grant Thornton UK LLP**

Statutory Auditor Chartered Accountants Manchester

2 November 2018