GLENSTONE
Property

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

INDUSTRIAL, NEWHAVEN

PUBLIC HOUSE, CATFORD

LIGHT INDUSTRIAL, BEDFORD

LIGHT INDUSTRIAL, MILDENHALL

LIGHT INDUSTRIAL, NORTHAMPTON

PUBLIC HOUSE, HOLBORN

REGISTERED NUMBER: 00986343

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

FOR

GLENSTONE PROPERTY PLC

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for the year ended 31 March 2019

GLENSTONE PROPERTY PLC

COMPANY INFORMATION
for the year ended 31 March 2019

DIRECTORS:	C L Powell R Shaunak A C Smith B P Green A J Pickering D J Kennedy (resigned 30 September 2018)
SECRETARY:	A J Pickering
REGISTERED OFFICE:	Parkway House Sheen Lane London SW14 8LS
REGISTERED NUMBER:	00986343
AUDITORS:	Crowe U.K. LLP St Brides House 10 Salisbury Square London EC4Y 8EH
BANKERS:	Handelsbanken plc Richmond Branch 31 The Green Richmond Surrey TW9 1LX Lloyds Bank plc 3rd Floor 10 Gresham Street London EC2V 7AE
PRIMARY VALUERS:	Lambert Smith Hampton Ltd UK House 180 Oxford Street London EC4Y 8EH
SOLICITORS:	Knights plc 34 Pocklingtons Walk Leicester LE1 6BU
REGISTRARS:	Link Market Services 34 Beckenham Road Kent BR3 4TU

Introduction
I am pleased to present the Annual Report and Financial Statements for the year ended 31 March 2019.

The economy is in a state of extraordinary flux with an unprecedented period of political uncertainty, pressure on the high street and residential stagnation. Yet despite these challenges and changes to the senior management team the Group has produced a pleasing set of results.

Financial Performance
The Group monitors its key performance indicators (KPI's) regularly and these are set out below:

OPERATING PROFIT

The operating profit after interest, before property gains/(losses) and net of development income, was £5.4m (2018: £4.7m). This increase was due to net property income improving by 6.9% and a reduction in administrative expenses of 7.4%.

The headline profit after taxation attributable to shareholders was £4.1m (2018: £5.9m).

PID

A minimum of 90% of the rental income profits has to be distributed in the form of PID. The total PID for the year has been maintained at 55p the same as 2018.

NET ASSET VALUE

The main driver of changes in the Net Asset Value (NAV) are realised and unrealised valuation gains. Realised gains from property sales were £0.5m (2018: £2.3m) whilst this year's unrealised revaluation loss was £1.9m (2018: a loss of £1.1m). The net position is therefore a loss of £1.4m compared to a gain of £1.2m last year. Later in this report I will go into more detail on the composition of the valuation losses.

TOTAL RETURN

The total return over the last 12 months was 3.2%.

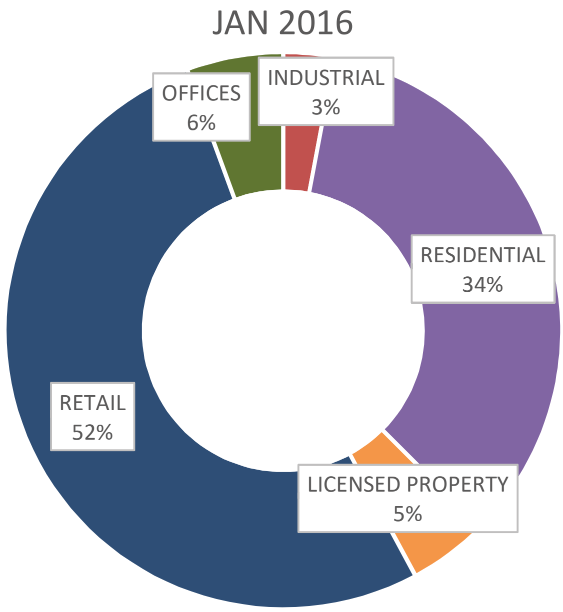
The total return over the 3+ year period since the merger is 24.0%, an annual equivalent of 7.8%.

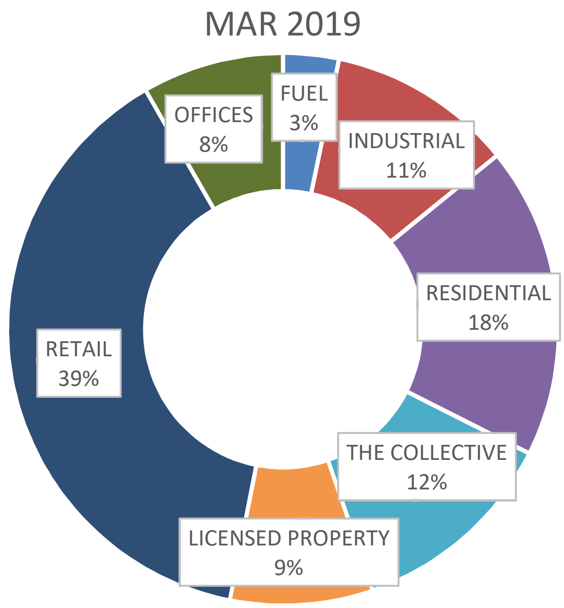
The NAV as at the financial year end was £12.66 compared to £12.80 for the previous year.

The current yield on the NAV is approximately 4.3%.

Strategic Update
The Board's vision is to create a growing fully diversified UK REIT, with an increasing PID, growing the asset value and an expanding shareholder base. Whilst this is the long term vision much of the past year has quite rightly been spent re-balancing the property portfolio to reduce the exposure to poorer performing high street retail investments and management-intensive, low yielding residential properties. The short term strategy has therefore been largely defensive and aimed at protecting rental income and minimizing valuation losses.

It is worth comparing the portfolio composition at the time of merger 3+ years ago and as at March 2019:





Valuations
This time last year the board decided to seek a tender process on valuation services after several years of using JLL and others. Lambert Smith Hampton have been appointed and have valued the entire portfolio broadly in line with the Directors expectations.

It is worth assessing the valuation changes by sector:

Sector	Valuation Movement	Movement on PY Valuation
Retail	-£3.8m	-5.4%
Residential	+£133k	+0.5%
Commercial structured residential	+£800k	+4.4%
Light Industrial & Offices	+£465k	+2.1%
Pubs & Leisure	+£597k	+3.9%

It is fair to say that the diversification in the portfolio by sector, lot size and geographical location has paid off to a satisfactory degree.

Voids and Arrears
Central to the performance of property portfolio is occupying the properties with tenants who pay their rents on time. Key performance indicators are therefore void rate percentages and rent arrears. Void rates have varied during the year from less than 4% to 6% (2018: 1% to 6%). You will be aware of the difficulties faced in the UK's high streets but our diversification of both tenant type and location mean the impact to us has been less significant than one might have expected. Where we have been affected by the liquidation of retailers we have generally been able to swiftly re let the properties at broadly similar rent levels. Our average retail rent (£58,144) and retail lot size (£796,813) has been beneficial. Our strategy to sell retail properties in the higher risk locations with high rents has assisted in keeping void levels to acceptable levels.

Most of the retail and other commercial rental income is paid quarterly in advance. Our tenant's rental payments are excellent- the majority paying on the due date. Robust processes are in place to ensure potential arrears are identified early and discussions take place with tenants to ensure individual outstanding balances remain manageable. We are also continually reviewing the portfolio and rebalancing the asset classes to minimise the risk and maximise future returns.

In the current high street environment protecting against tenant failure is increasingly difficult. During the year there have been several high profile CVA's but none of those have affected us.

Property Portfolio Purchases
During the year we have bought five properties that clearly demonstrate the focus on rebalancing the portfolio away from high street retail. The properties purchased were:

Industrial unit in Bedford – the headquarters of Prices' Candles
A public house in Catford, South East London
Industrial unit at Mildenhall Suffolk – the UK headquarters of English Architectural Glazing
A public house in Holborn, Central London (purchased from Greene King)
Industrial unit in Northampton – let to Boost Trampoline Parks
The total value was £12.5m with and average lot size of £2.5m and a total rental exposure of £0.8m p.a.

Subsequent to the year end the Group acquired a 26 acre wharf side industrial open storage and distribution site in Newhaven, Sussex. The £10.5m site is multi tenanted with strong covenants. The purchase has a further diversification effect with exposure to industrial property now at 17%, retail 35% and residential 17%. Management worked very hard at successfully completing the Group's largest ever single asset purchase.

Property Portfolio Disposals
During the financial year seven properties were sold for a total of £3.5m. As mentioned previously the sales contributed to a total realised profit over the previous valuations of £0.5m. In 2018 14 properties were sold for £13m yielding a profit on sale of £2.1m. The 2 most significant sales were a substantial block of ground rents in Northern Ireland which were very management intensive and a mixed retail/residential unit in Tooting, South London.

Subsequent to the year end a further 5 properties were sold for a total of £3.3m.

Other Property Management Initiatives
Several properties were identified as having potential for extensions or reconfiguration to improve letting potential and values. During the year we completed the conversion of offices into residential in Richmond and St Ives with pleasing results in terms of rental and valuation levels.

I reported last year of the possibility of a substantial extension to our head office at Parkway House. I am delighted to report that an additional new floor of offices has now received planning consent and enabling works have commenced. We have already had interest from potential tenants for the 5,000 square feet of additional space and this development should add significant value.

Following extensive research into the serviced office sector we concluded that an investment of £250,000 into Mortlake Business Centre would bring the offering more in tune with what the market expects and also provide the opportunity to increase yields. That work is now complete and the result very impressive.

Funding
As stated in the interim report our bank relationships remain very strong. Our revolving credit facility with Lloyds has served us well, allowing us to repay the facility as and when funds flow in from property disposals. Gearing during the year has averaged 24.5%. At the year end it was 27.8%. The Board limit is 40% and we would expect to get closer to that limit in the next 12 months.

This facility and the supporting interest swap mature in August 2019 and we have commenced discussions regarding renewal and restructuring.

Development
Delrose, our development subsidiary where we have a 60% interest, will be closed as soon as existing developments are completed and sold. We would expect this to be mid 2020. Opportunities for suitable developments remain extremely limited, the margins on current developments are being squeezed and the Board believes that any potential future developments should be undertaken by the Group without minority interests.

Risk Management
At a micro level the executive management team has robust systems in place. We are of course exposed to external macro-economic risks; for example, the changes in consumer spending habits, government uncertainty and Brexit continue to make decision making difficult. However, these are regularly discussed and analysed at board level and our portfolio changes should mitigate some of the risks.

Governance
The non-executive directors are constantly challenging the executive team at Board meetings. They provide an invaluable sounding board for potential property transactions and other ventures. They constantly assess the adequacy of internal processes and procedures.

In the past year we have appointed Crowe U.K. LLP as our auditors, a firm we feel are well matched to assist us in our growth. As mentioned earlier we have partnered with Lambert Smith Hampton, a national firm of valuers who are similarly aligned. Our legal advisors merged during the year to become part of Knights, a larger nationwide firm who should also benefit the company.

Human Resources
As announced in June 2018, Duncan Kennedy decided, after 25 years of loyal service to Glenstone Property PLC, to step down from the running of the business. Duncan left Glenstone in September 2018.

Alan Briggs also left the company in March 2019 after 20 years of service. Alan’s retirement coincided with our decision to outsource residential management.

Sarah Mallinson joined us in August 2018 to run our serviced offices. After 8 years out of the property world Sarah hit the ground running and is driving our serviced office business forward.

Sam Russell joined us in January 2019 to add to our property management team. Sam was previously working with a property agent and has managed the switch with aplomb.

Property Income Distribution (PID)
As mentioned earlier the total PID for the year will be 55p. We paid 25p in December 2018 with the balance of 30p will be paid on 28 June 2019.

Looking Forward
The property market has it challenges but the Group is well positioned with a diverse portfolio which should continue to provide an increasing PID supported by some excellent assets.

The AGM will take place at 12 noon on Wednesday 11th September at The Lansdowne Club, Fitzmaurice Place, off Berkley Square, London, W1J 5JD. My Board colleagues and I hope as many of you as possible can make the meeting.

Finally, I would like to thank the whole team at Glenstone for their hard work and commitment throughout the year.

On behalf of the board

C.L Powell MRICS
Chairman

Date: 20 June 2019

The Board is committed to maintaining high standards of corporate governance within the Group. The Company's issued share capital is listed on The International Stock Exchange (TISE).

Although none of the several published codes on corporate governance issued in the last few years apply specifically to companies listed on TISE, Shareholders expect companies in which they invest to be properly governed. The Board of Directors believe that the features of good corporate governance apply as much in the interests of smaller companies as they do to larger companies.

Good corporate governance incorporates proportionate risk assessment and management, prudent decision making, open communication and business efficiency. An objective of corporate governance is to deliver growth in long term shareholder value by maintaining a flexible, efficient and effective management framework within an entrepreneurial environment.

The main features of corporate governance include:

a) Leadership and Efficient Management

It should be clear where responsibility lies for the management of the Group and for the achievement of the key tasks.

Controls and procedures should be in place to protect the Group's assets.

The basis on which key decisions are taken should be transparent.

There should be a strategic vision of what the Group is trying to achieve and an understanding of what is required to achieve this target.

b) Effective Management

The Board should possess the appropriate skills and experience in order to make the key decisions expected of it.

Decisions should be taken using information which is accurate, sufficient, timely and clear.

The collective responsibility of the Board requires all Directors to be involved in the process of making significant decisions.

c) Benefit of all Shareholders over the Longer Term

Vested interests should not be able to act in a manner contrary to the common good of all Shareholders.

Transactions with Management, key Shareholders and other related parties should be reported.

A dialogue should exist between Shareholders and the Board, so that each party is aware of the other's objectives and so that the Shareholders are aware of any constraints on the Group.

BOARD OF DIRECTORS

Christopher Powell MRICS
Non-Executive Chairman (Aged 58)
Joined the Company in January 2012. Previously the Chairman of the Retail Group at Jones Lang LaSalle Ltd. Earlier he was the CEO of Churston Heard.

Rakesh Shaunak FCA CTA
Non-Executive Director (Aged 63)
Appointed a Director of Glenstone Property on 24 February 2016. Currently a Partner and Group Chairman of MHA MacIntyre Hudson, Chartered Accountants.

Adam Smith MRICS
Property Director (Aged 38)
Appointed a Director of Glenstone Property on 1 February 2016. Formerly the Managing Director of the London & Surrey Property Group of Companies. Earlier an investment and leasing agent with Edwin Hill, Chartered Surveyors.

Ben Green MRICS
Property Director (Aged 45)
Appointed a Director of Glenstone Property on 19 March 2012. Previously he had been a partner at Kitchen La Frenais Morgan.

Andrew Pickering FCA
Group Finance Director (Aged 61)
Joined the Company in August 2016 following a career in financial services globally.

The Board operates within the terms of the company's Articles of Association.

The Board currently consists of three Executive Directors and two Non-Executive Directors. This composition provides a blend of experience and qualifications and the number of Non-Executives provides a strong basis for ensuring the appropriate level of corporate governance exists. Decisions taken by the Board as a whole are implemented by the Executive Directors.

The Board meets not less than four times in a year and the Chairman and Non-Executive Director also meet without the Executive Directors being present. Each Director is provided with a pack of board papers in advance of each meeting, which contains detailed schedules of key performance indicators, accounts and notes on any important decisions which the Board are required to take.

The Board is also kept informed of all relevant information regarding the business, between formal meetings by ad hoc reports and memorandum.

The Company's Articles of Association, require that all Directors are subject to re-election at least every three years. In addition, new Directors are subject to re-election by Shareholders at the Annual General Meeting after their initial appointment.

The Board maintains an active dialogue with its shareholders and recognizes their continued interest in the strategy and performance of the Group. All of the Board are available to meet with shareholders if and when required and the AGM provides a perfect opportunity for shareholders to meet and discuss matters with the Board.

The Company Secretary keeps the Board and TISE informed of corporate governance issues and all board members have access to independent advice if required.

In support of good corporate governance, the Board has established the following Committees:

a) Audit Committee

The Audit Committee comprises all the Non-Executive Directors and is chaired by Rakesh Shaunak who is considered to have the appropriate knowledge and relevant experience. The Board is satisfied that the combined knowledge and experience of its members is such that the Committee discharges its responsibilities in a robust, effective and informed way.

The Committee will meet at least twice a year and will be responsible for:

i) Reviewing the annual and interim financial statements prior to approval, focusing on changes in accounting policies, major judgmental areas, significant audit adjustments and compliance with accounting standards, TISE, HMRC and legal requirements.

ii) Reviewing the adequacy and effectiveness of the risk management systems.

iii) Considering the appointment of the Auditors and their remuneration, independence and objectivity.

iv) Considering the adequacy and application of internal financial controls.

v) Implementing a policy on the engagement of the external auditor to supply non-audit services.

REMUNERATION COMMITTEE

A Remuneration Committee Meeting made up of Non-Executive Directors and chaired by Chris Powell is held at the March Board Meeting and at other meetings as required, to discuss employment matters, pension entitlements, other benefits and to fix the remuneration of Directors.

The Board's policy is that the remuneration of directors should reflect their experience and expertise that they have and how they use that to add value to the Group. The remuneration packages should be sufficient to retain, and where necessary, attract persons of the appropriate skill set.

The remuneration packages of executive directors comprise base salaries, performance related bonuses payable in cash or through pension contributions, benefits such as private medical health contributions and a car where circumstances make it more efficient.

The Board constantly reviews the remuneration policies and pay levels within its peer group of REIT's to ensure the levels are commensurate within that Group with due regard to the size, complexity and risk of those in the peer group.

Board and Committee Attendance

The attendance of Board or Committee Meetings during the year to 31 March 2019 was as follows:-

	Board	Remuneration	Audit
C.L. Powell	5	2	2
R. Shaunak	5	2	2
D.J. Kennedy	2	*	*
A.C. Smith	5	*	*
B.P. Green	5	*	*
A.J. Pickering	5	*	*

* Not a member of the committee

Risk Management

The Board recognises the need for effective high level internal controls. High level controls in operation within the Group include:-

i) Reviewing the management accounts on a quarterly basis with comparison against budget and previous periods performance.

ii) Approval by the Board of all acquisitions and disposals of investment and development properties.

iii) The maintenance of and challenges to a proportionate risk register.

Risks and Uncertainties

In addition to the financial risks and mitigating factors described in the accounting policies to the accounts the following other key risks and mitigants have been identified:

(a) Investment risk - investment policy focuses on established business and residential locations and a balanced countrywide portfolio diversified across retail, residential and other commercial properties. Property managers actively manage lease expiry profiles to ensure a spread of expiries. When considering the sale or purchase of properties the current lease arrangements form a significant part of the decision making process.

(b) Economic and Political risk - the Group maintains a keen awareness of the macro economic situation in the UK and weights this against the health of current and potential tenants. The effect of Brexit looms large over the UK economy and whilst presenting certain risks to existing tenants businesses equally provides opportunities to acquire quality properties.

(c) Financial and Fiscal change risk – The Group is focused on maintaining its compliance with the Real Estate Investment Trust (REIT) regime and will adapt to any potential changes to the REIT regime. The Board maintains a strong awareness of the fiscal situation.

(d) Operational risks - the Group has proportionate and robust systems and controls in place and constantly seeks to improve and streamline processes. The Group has successfully migrated all of the Group's systems onto common property and accounting platforms.

DIRECTORS' INTERESTS IN ORDINARY SHARES
The interests of the Directors in the issued share capital of the company are shown below:-

	31 March 2019	31 March 2018
C.L. Powell	-	-
R. Shaunak	-	-
A.C. Smith	2,211,338	2,211,338
B.P. Green	-	-
A.J. Pickering	-	-

ON BEHALF OF THE BOARD:

A C Smith (Director)

Date: 20 June 2019

REPORT OF THE DIRECTORS
for the year ended 31 March 2019

The directors present their report with the financial statements of the company and the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES
The principal activity of the Group continued to be that of property investment, and development.

The Board's assessment of the performance of the Group, its future developments and subsequent events affecting the Group are presented in the Strategic report on pages 2 to 6.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

C L Powell
R Shaunak
A C Smith
B P Green
A J Pickering
D J Kennedy (Retired 30 September 2018)

Other changes in directors holding office are as follows:

In accordance with the Articles of Association, B P Green, R Shaunak and A C Smith retire, and being eligible, offer themselves for re-election,

FINANCIAL INSTRUMENTS
The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of a revolving credit facility, overdrafts and fixed and floating rate bank loans. The Group seeks to mitigate the risk of fluctuating interest rates by using the aforementioned instruments together with interest rate swaps to protect floating rate borrowings.

CHARITABLE DONATIONS
During the year the Group made charitable donations of £3,105 (2018: £1,750). The Group made no political contributions in either year.

TAXATION
As a Real Estate Investment Trust ("REIT"), the Group is exempt from corporation tax on profits and gains from its investments, provided it continues to meet certain conditions as per REIT regulations.

RESULTS FOR THE PERIOD AND DISTRIBUTIONS
The Group results for the year are set out in the consolidated statement of total comprehensive income.

An interim property income distribution of 25p per share was paid on 5 December 2018. The directors now recommend the payment of a second interim distribution of 30p per share. The proposed distribution will be paid on or around 28 June 2019 to ordinary shareholders on the register at the close of business on 31 March 2019.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE
During the year the Group purchased and maintained liability insurance for its Directors and Officers as permitted by Section 234 of the Companies Act 2006.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A C Smith (Director)

Date: 20 June 2019

DIRECTORS' RESPONSIBILITIES STATEMENT
for the year ended 31 March 2019

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Opinion

We have audited the financial statements of Glenstone Property Plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2019, which comprise:

- the Consolidated income statement for the year ended 31 March 2019;
- the Consolidated and Parent Company balance sheets as at 31 March 2019;
- the Consolidated and Parent Company statements of changes in equity for the year then ended;
- the Consolidated statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements 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 31 March 2019 and of the Group's profit for the year then ended;
- the Group and Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- the financial statements 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 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.

Conclusions relating to going concern

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

- 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.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the Group financial statements as a whole to be £3,200,000 (2018: £3,195,000), based on a benchmark of 2% of the gross assets.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

We determined that for other account balances, classes of transactions and disclosures not related to investment properties a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of the users. We determined that materiality for these areas should be £300,000, which was set at 5% of profit before tax adjusted for gain or loss on revaluation of investment properties.

We determined that the same measure as the Group was appropriate for the Parent Company, and the materiality and specific materiality applied were £2,600,000 and £220,000.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £30,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our engagement is in respect of the Group's consolidated financial statements and those of the Parent Company.

Our audit approach was developed by obtaining a thorough understanding of the Group's activities and is risk based. Based on this understanding we assessed those aspects of the Group and Subsidiary Companies transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly. We undertook a combination of analytical procedures and substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	***How the scope of our audit addressed the key audit matter***
Valuation of Investment Properties The fair value of the investment properties is a significantly material value in the financial statements and there is a risk of overstatement. The fair value is based on the market values determined annually by independent external valuers.	*Our audit procedures included:* • Gaining an understanding of the nature of the asset and ensured its classification and designation is appropriate; • Reviewing the stated accounting policy and ensuring it is appropriate to the designation and has been applied consistently; • Reviewing the valuation calculations used by management and identifying the inputs; • Corroborating the inputs to valuation calculations by reference to underlying rental agreements, market data and bench mark as appropriate; • Considering the existence of reasonable alternative inputs into the valuation and evaluated if the valuation is with an acceptable range; • Where third party data was used to support a valuation we considered the independence and provenance of the third party data; • Reviewing the adequacy and completeness of the disclosures.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 directors' report and strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept 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 the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 15, 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 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.

Use of our report

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

Stacy Eden (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

Date: 20 June 2019

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2019

	Notes	**Year Ended 31.3.19 £**	Year Ended 31.3.18 £
Turnover			
Rental and other income	3	**9,935,861**	9,769,499
Sales proceeds from development properties	3	**-**	445,000
		9,935,861	10,214,499
Cost of Sales			
Property operating expenses		**(1,408,693)**	(1,794,922)
Cost of disposal of development properties		**-**	(203,330)
Net property income		**8,527,168**	8,216,247
Administrative expenses		**(1,989,676)**	(2,148,885)
Operating profit before gains and losses		**6,537,492**	6,067,362
Profit on disposal of investment properties		**490,163**	2,144,483
Loss on revaluation of investment properties		**(1,885,693)**	(1,066,882)
Operating profit	6	**5,141,962**	7,144,963
Finance income		**3,424**	8,218
Finance expense	8	**(1,124,194)**	(1,156,875)
Profit before taxation		**4,021,192**	5,996,306
Taxation	9	**13,669**	(29,350)
PROFIT FOR THE FINANCIAL YEAR		**4,034,861**	5,966,956
Profit / (loss) attributable to:			
Owners of the parent		**4,101,278**	5,949,516
Non-controlling interest		**(66,418)**	17,440
		4,034,860	5,966,956
Earnings per share	11	**42.4p**	66.6p

The notes form part of these financial statements

GLENSTONE PROPERTY PLC (REGISTERED NUMBER: 00986343)

CONSOLIDATED BALANCE SHEET
31 March 2019

	Notes	2019 £	2019 £	2018 £	2018 £
FIXED ASSETS					
Tangible assets	12		**301,978**		46,290
Investment property	14		**152,855,600**		144,387,324
			153,157,578		144,433,614
CURRENT ASSETS					
Stocks	15	**2,959,327**		2,570,139	
Debtors	16	**2,257,350**		4,034,853	
Cash at bank and in hand		**1,377,668**		3,623,470	
		6,594,345		10,228,462	
CREDITORS					
Amounts falling due within one year	17	**(12,844,462)**		(3,356,628)	
NET CURRENT (LIABILITIES)/ASSETS			**(6,250,117)**		6,871,834
TOTAL ASSETS LESS CURRENT LIABILITIES			**146,907,461**		151,305,448
CREDITORS					
Amounts falling due after more than one year	18		**(24,500,000)**		(27,518,059)
NET ASSETS			**122,407,461**		123,787,389
CAPITAL AND RESERVES					
Called up share capital	22		**193,381**		193,381
Share premium			**60,986,599**		60,986,599
Capital redemption reserve			**18,163**		18,163
Fair value reserve			**3,928,368**		4,345,368
Profit and loss reserve			**57,229,367**		58,125,877
			122,355,878		123,669,388
NON-CONTROLLING INTERESTS			**51,583**		118,001
TOTAL EQUITY			**122,407,461**		123,787,389

The financial statements were approved by the Board of Directors on 20/06/2019 and were signed on its behalf by:

A J Pickering – Group Finance Director

GLENSTONE PROPERTY PLC (REGISTERED NUMBER: 00986343)

COMPANY BALANCE SHEET
31 March 2019

	Notes	2019 £	2019 £	2018 £	2018 £
FIXED ASSETS					
Tangible assets	12		**282,619**		46,290
Investments	13		**46,363,710**		53,456,528
Investment property	14		**76,471,889**		71,492,500
			123,118,218		124,995,318
CURRENT ASSETS					
Debtors	16	**9,831,538**		12,620,136	
Cash at bank and in hand		**1,064,396**		862,353	
		10,895,934		13,482,489	
CREDITORS					
Amounts falling due within one year	17	**(20,645,263)**		(8,403,436)	
NET CURRENT (LIABILITIES)/ASSETS			**(9,749,329)**		5,079,053
TOTAL ASSETS LESS CURRENT LIABILITIES			**113,368,889**		130,074,371
CREDITORS					
Amounts falling due after more than one year	18		**(5,000,000)**		(13,018,059)
NET ASSETS			**108,368,889**		117,056,312
CAPITAL AND RESERVES					
Called up share capital	22		**193,381**		193,381
Share premium			**60,986,599**		60,986,599
Capital redemption reserve			**18,163**		18,163
Fair value reserve			**(4,491,580)**		(1,882,974)
Profit and loss reserve			**51,662,326**		57,741,143
			108,368,889		117,056,312
Company's (loss)/profit for the financial			**(3,272,635)**		12,866,620

The financial statements were approved by the Board of Directors on 20/06/2019 and were signed on its behalf by:

A J Pickering – Group Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2019

	Called up share capital	Profit and loss reserve	Share premium	Capital redemption reserve	Fair value reserve	Total	Non-controlling interests	Total equity
	£	£	£	£	£	£	£	£
Balance at 1 April 2017	170,824	53,965,529	48,009,150	18,163	7,809,045	109,972,711	180,561	110,153,272
Changes in equity								
Issue of share capital	22,557	-	12,977,449	-	-	13,000,006	-	13,000,006
Property income distributions	-	(5,252,845)	-	-	-	(5,252,845)	-	(5,252,845)
Dividends	-	-	-	-	-	-	(80,000)	(80,000)
Total comprehensive income	-	5,949,516	-	-	-	5,949,516	17,440	5,966,956
Transfer of current year fair value movement of investment properties	-	1,066,882	-	-	(1,066,882)	-	-	-
Transfer of realised fair value gains	-	2,396,795	-	-	(2,396,795)	-	-	-
Balance at 31 March 2018	193,381	58,125,877	60,986,599	18,163	4,345,368	123,669,388	118,001	123,787,389
Changes in equity								
Issue of share capital	-	-	-	-	-	-	-	-
Property income distributions	-	(5,414,788)	-	-	-	(5,414,788)	-	(5,414,788)
Dividends	-	-	-	-	-	-	-	-
Total comprehensive income	-	4,101,278	-	-	-	4,101,278	(66,418)	4,034,860
Transfer of current year fair value movement of investment properties	-	1,885,693	-	-	(1,885,693)	-	-	-
Transfer of realised fair value losses	-	(1,468,693)	-	-	1,468,693	-	-	-
Balance at 31 March 2019	193,381	57,229,367	60,986,599	18,163	3,928,368	122,355,878	51,583	122,407,461

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2019

	Called up share capital	Profit and loss reserve	Share premium	Capital redemption reserve	Fair value reserve	Total equity
	£	£	£	£	£	£
Balance at 1 April 2017	170,824	47,622,583	48,009,150	18,163	621,811	96,442,531
Changes in equity						
Issue of share capital	22,557	-	12,977,449	-	-	13,000,006
Property income distributions	-	(5,252,845)	-	-	-	(5,252,845)
Total comprehensive income	-	12,866,620	-	-	-	12,866,620
Transfer of current year fair value movement of investment properties	-	943,140	-	-	(943,140)	-
Transfer of realised fair value gains	-	1,561,645	-	-	(1,561,645)	-
Balance at 31 March 2018	193,381	57,741,143	60,986,599	18,163	(1,882,974)	117,056,312
Changes in equity						
Issue of share capital	-	-	-	-	-	-
Property income distributions	-	(5,414,788)	-	-	-	(5,414,788)
Total comprehensive loss	-	(3,272,635)	-	-	-	(3,272,635)
Transfer of current year fair value movement of investment properties	-	4,079,774	-	-	(4,079,774)	-
Transfer of realised fair value losses	-	(1,471,168)	-	-	1,471,168	-
Balance at 31 March 2019	193,381	51,662,326	60,986,599	18,163	(4,491,580)	108,368,889

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2019

	Notes	Year Ended 31.3.19 £	Year Ended 31.3.18 £
Cash flows from operating activities			
Cash generated from operations	24	**7,796,416**	5,170,668
Interest paid		**(1,482,401)**	(1,631,964)
Tax (paid)		**(38,286)**	(84,816)
Net cash from operating activities		**6,275,729**	3,453,888
Cash flows from investing activities			
Purchase of tangible fixed assets		**(276,641)**	(29,457)
Purchase of investment property		**(11,308,273)**	(3,742,140)
Sale of tangible fixed assets		**-**	12,000
Sale of investment property		**3,548,663**	13,127,753
Capital improvements		**(234,196)**	-
Purchase of subsidiary (net of cash acquired)		**(1,839,720)**	1,980,568
Interest received		**3,424**	8,218
Net cash (outflow)/inflow from investing activities		**(10,106,743)**	11,356,942
Cash flows from financing activities			
Increase in bank loan		**10,000,000**	3,407,500
Decrease in revolving credit facility		**(3,000,000)**	(9,500,000)
Distributions paid		**(5,414,788)**	(5,252,845)
Dividends paid to minority interests		**-**	(80,000)
Net cash inflow/(outflow) from financing activities		**1,585,212**	(11,425,345)
(Decrease)/increase in cash and cash equivalents		**(2,245,802)**	3,385,485
Cash and cash equivalents at beginning of year	25	**3,623,470**	237,985
Cash and cash equivalents at end of year	25	**1,377,668**	3,623,470

The notes form part of these financial statements

1. CORPORATE INFORMATION

The consolidated financial statements of the Group for the year ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as the "Group"). The shares are listed on The International Stock Exchange (TISE).

Glenstone Property PLC ("the Company") is a limited company domiciled and incorporated in England and Wales. The registered office is Parkway House, Sheen Lane, East Sheen, SW14 8LS.

2. ACCOUNTING POLICIES

General information
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.The consolidated and separate financial statements are prepared on a going concern basis, under historical cost convention, modified by the recognition of certain financial assets and liabilities at fair value.

The Group and Company financial statements are prepared in sterling, which is the functional currency of the companies in the Group. Monetary amounts in these financial statements are rounded to the nearest £.

The Group holds investment property and trading stock property.

Summary of significant accounting policies
The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Basis of preparing the financial statements
The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities including fair value movements on investment properties at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The significant assumptions and estimates to the consolidated financial statements are disclosed within the notes to the accounts.

As permitted by s408 Companies Act 2006, the Company has not presented its own profit and loss account and related notes.

The Company has taken advantage of the following exemptions in its individual financial statements:

- from preparing a statement of cashflows, on the basis that it is qualifying entity and the consolidated statement of cashflows, included in these financial statements, includes the Company's cash flows;
- from presenting the Parent Company's financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Basis of consolidation
The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings. All financial statements are made up to 31 March 2019.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change or change of significant influence respectively.

 continued…

2. **ACCOUNTING POLICIES - continued**

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The difference between the cost of acquisition and the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is accounted for as goodwill or negative goodwill.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised profits and losses are also eliminated on consolidation.

GOING CONCERN
The financial statements have been prepared on a going concern basis. In assessing this, the directors have prepared forecasts for the Group and its subsidiary entities and given due consideration to the long term financing requirements at Group level, support provided to subsidiary entities by the Parent Company, bank financing on properties, their working capital requirements and the profits and cash generation anticipated in companies within the Group. As stated in note 19 the revolving credit facility is to be renewed by 1 August 2019. The directors have received credit committee approval subject to minor administrative points.

Turnover
The Group recognises revenue when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the Group retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the Group’s sales channels have been met, as described below.

Turnover represents rents receivable from investment properties, service charges, management charges, lease surrenders, the proceeds received from the sale of development properties, and rents received from development properties prior to their sale. Proceeds from the sale of development properties are included in turnover on legal completion.

Turnover is recognised as it falls due, in accordance with the lease to which it relates. Any lease incentives are spread evenly across the period of the lease.

Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

The Group operates in two business segments comprising property investment and development. The Group's operations are performed wholly in the United Kingdom.

Tangible fixed assets
Fixtures and fittings and motor vehicles are shown at historical cost less depreciation and provision for impairment. Historic cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight line basis at rates appropriate to write off individual assets over their estimated useful lives of between four and ten years.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each Balance Sheet date. An asset is written down if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the profit and loss account.

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2. **ACCOUNTING POLICIES - continued**

Investment properties

Investment property comprises freehold and long leasehold buildings. These comprise mainly retail units, offices, residential properties, industrial units and licensed property which are measured initially at cost, including related transaction costs. These are held as investments to earn rental income and for capital appreciation and are stated at fair value at the Balance Sheet date.

After initial recognition investment property is carried at fair value, based on market values; it is then determined annually by independent external valuers. When an existing investment property is redeveloped for continued future use as an investment property, it remains an investment property whilst in development.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

Subsequent expenditure is added to the assets carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit and loss account during the financial period in which they are incurred.

Any movement in the fair value of the properties is reflected within the profit and loss account for the year.

The gain or loss arising on the disposal of investment properties is determined as the difference between the net sales proceeds and the carrying value of the asset at the beginning of the period and is recognised in the profit and loss account.

Fixed asset investments

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are held at cost less accumulated impairment losses.

Stocks

Property stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Cost of stocks comprise purchase and development costs of properties which are allocated to the specific properties to which they relate.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit and loss. Reversals of impairment losses are also recognised in profit and loss.

Taxation

Corporation tax is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

As a REIT, the Group is exempt from corporation tax on profits and gains from its investments, provided it continues to meet certain conditions as per REIT regulations.

Taxation on the profit and loss for the period not exempt under UK REIT regulations comprises current and deferred tax. Current tax is expected tax payable on any non-REIT taxable income for the period, using tax rates enacted or substantively enacted at the period end date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using rates enacted or substantially enacted at the period end date.

(i) Current tax

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates of corporation tax that have been enacted by the Balance Sheet date.

continued…

2. **ACCOUNTING POLICIES - continued**

Taxation – continued

(ii) Deferred tax
Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

Operating lease agreements
Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Leasehold incentives given to tenants on entering property leases are recognised as unamortised lease incentives on the balance sheet and are amortised to the income statement over the term of the lease.

Termination benefits
The Group recognises termination benefits when the Group has communicated its plan of termination to the affected employees and the Group can no longer withdraw the offer of those benefits. Termination benefits are measured in accordance with the nature of employee benefit.

Retirement benefits
The Group pays contributions into privately administered pension plans which are charged to the Profit and Loss Account in the period when they fall due.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Capital and reserves
The share premium account represents amounts paid in excess of the par value of the shares.

The fair value reserve reflects unrealised gains and losses on investment properties carried at fair value.

The capital redemption reserve reflects the buyback of shares in prior years.

The profit and loss reserve reflects accumulated comprehensive income to date less distributions paid and realised gains and losses on the revaluation of investment properties.

Financial instruments
The Group has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) Basic financial assets
Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective rate interest method.

Trade debtors are recognised initially at invoice value and are subsequently measured less provision for impairment. A provision for impairment of trade debtors is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables concerned. The amount of the provision is recognised in the profit and loss account.

continued…

2. **ACCOUNTING POLICIES - continued**

(i) Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit and loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit and loss.

(ii) Derecognition of financial assets

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(iii) Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(iv) Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the Balance Sheet date.

(v) Non basic financial instruments

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit and loss in finance costs or finance income as appropriate. The Group does not currently apply hedge accounting for interest derivatives.

(vi) Derecognition of financial liabilities

Financial liabilities are derecognised when the Group's contractual obligations expire or are discharged or cancelled.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs. Distributions to equity holders, recognised as a liability in the financial statements in the period in which they approved by the shareholders. These amounts are recognised in the statement of changes in equity.

continued…

2. **ACCOUNTING POLICIES - continued**

Critical accounting estimates and assumptions

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

(i) Fair value of investment properties

The annual revaluation of investment properties is sensitive to the changes in the rental market and the economic climate of the surrounding area. The properties are revalued at fair value by Lambert Smith Hampton independent chartered surveyors and the directors each year at the balance sheet date.

Financial risk management

The Group's activities expose it to a variety of financial risks; credit risk, capital risk and cash flow interest rate risk.

(i) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that rental contracts are made with customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any tenants. The Group has no significant concentration of credit risk as exposure is spread over a large number of tenants.

(ii) Cash flow and fair value interest rate risk

The Group has no significant interest bearing assets. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise.

The Group has an interest rate swap fixing £10m of borrowings at 4.55% until 1 August 2019.

At 31 March 2019, 100% (2018 - 91%) of the Group's borrowings were protected against future interest rate volatility, by using fixed rate loans and interest rate swaps to protect floating rate borrowings.

(iii) Capital risk

The Group's objective in managing capital is to maintain a strong capital base to support current operations and planned growth, and to provide for an appropriate level of distributions to shareholders.

The Group is not subject to external regulatory capital requirements.

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3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the Group.

An analysis of turnover by class of business is given below:

	Year Ended 31.3.19	Year Ended 31.3.18
	£	£
Rental income	**9,716,676**	9,571,760
Lease surrenders	**111,962**	569
Other property income	**107,223**	197,170
Sales of development property	**-**	445,000
	9,935,861	10,214,499

4. EMPLOYEES AND DIRECTORS

	Year Ended 31.3.19	Year Ended 31.3.18
	£	£
Wages and salaries	**996,824**	1,303,408
Social security costs	**114,315**	138,573
Other pension costs	**14,523**	12,487
Compensation for loss of office	**250,000**	-
	1,375,662	1,454,468

Group

The average number of employees during the year was as follows:

	Year Ended 31.3.19	Year Ended 31.3.18
Directors	**6**	6
Administration	**9**	10
	15	16

Company

The average number of employees during the year was as follows:

	Year Ended 31.3.19	Year Ended 31.3.18
Directors	**6**	6
Administration	**9**	3
	15	9

continued…

5. DIRECTORS EMOLUMENTS

	Year Ended 31.3.19	Year Ended 31.3.18
	£	£
Directors' remuneration	610,325	967,061
Compensation for loss of office	250,000	-
Directors' pension contributions to money purchase schemes	100,000	60,000

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	3	2

Information regarding the highest paid director is as follows:

	Year Ended 31.3.19	Year Ended 31.3.18
	£	£
Remuneration for qualifying services	177,000	408,831

There are no other key management personnel other than directors.

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	Year Ended 31.3.19	Year Ended 31.3.18
	£	£
Other operating leases	-	6,013
Depreciation - owned assets	20,953	18,010
Cost of stocks recognised as an expense	-	203,330

7. AUDITORS' REMUNERATION

	Year Ended 31.3.19	Year Ended 31.3.18
	£	£
Audit services		
Fees payable to the company's auditors for the audit of the financial statements of the Group and Company	20,000	19,500
Fees payable to the company's auditors for the audit of the financial statements of the Company's subsidiaries	24,000	39,500
Other services		
Other services	10,000	15,000

continued…

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year Ended 31.3.19	Year Ended 31.3.18
	£	£
Interest on convertible loans	-	167,179
Interest on bank overdrafts and loans	1,091,408	1,045,486
Finance costs for financial instruments relating to the interest rate swap	390,993	419,299
Movement in derivatives relating to the interest rate swap	(358,207)	(475,089)
	1,124,194	1,156,875

9. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	Year Ended 31.3.19	Year Ended 31.3.18
	£	£
Current tax:		
UK corporation tax	(13,658)	24,996
Adjustment to prior years	(11)	4,354
	(13,669)	29,350

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31.3.19	Year Ended 31.3.18
	£	£
Profit before tax	4,021,192	5,996,306
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	764,026	1,139,298
Effects of:		
Adjustments to tax charge in respect of previous periods	(11)	4,354
REIT exempt profits	(1,135,966)	(1,317,010)
Effect of revaluations of investments	358,282	202,708
Total tax (credit)/charge	(13,669)	29,350

Glenstone Property PLC elected for Company Real Estate Investment Trust ("REIT") status with effect from 1 February 2009. Other group companies joined the REIT on 1 February 2016, 15 November 2017 and 18 December 2018. As a result the Group no longer pays UK Corporation Tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits of the Group continue to be subject to corporation tax as normal.

Reductions in the rate of UK Corporation Tax have been enacted, reducing the rate to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. It has further been announced, but not yet enacted, that the rate will be reduced to 17% from April 2020.

continued…

10. DISTRIBUTIONS

	Year Ended 31.3.19	Year Ended 31.3.18
	£	£
Final	**2,997,477**	3,202,954
Interim	**2,417,311**	2,049,891
	5,414,788	5,252,845

		2019	2018
		£	£
Property income distributions			
Final (2018)	31.0p per share (2018: 37.5p)	**2,997,477**	3,202,954
Interim (2019)	25.0p per share (2018: 24.0p)	**2,417,311**	2,049,891
Total distribution		**5,414,788**	5,252,845

A further distribution has been proposed for the year ended 31 March 2019 of 30.0p per share. This is expected to absorb £2,900,720 (2018: £2,997,411) of reserves. The distribution has not been included as a liability in these financial statements.

11. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit on ordinary activities after taxation attributable to the owners of the parent company of £4,101,278 (2018: £5,949,516) and 9,669,067 (2018: 8,927,003) ordinary shares, being the weighted average number of shares in issue during the period.

The below adjusted earnings per share - based on ordinary activities, is based on the profit attributable to the owners of the parent company less discount on acquisition of subsidiary write off less the fair value gains or losses on investment properties £5,986,971 (2018: £7,016,398) and 9,669,067 (2018: 8,927,003) ordinary shares, being the weighted average number of shares in issue during the year.

	2019	2018
Earnings per share – On Ordinary activities	**61.9p**	78.6p

	2019	2018
	£	£
Profit on ordinary activities after tax	**4,101,278**	5,949,516
Losses on investment properties	**1,885,693**	1,066,882
Adjusted profit on ordinary activities after tax	**5,986,971**	7,016,398

continued…

12. TANGIBLE FIXED ASSETS

Group

	Long leasehold property	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST				
At 1 April 2018	-	37,036	52,616	89,652
Additions	227,819	23,822	25,000	276,641
Disposals	-	-	-	-
At 31 March 2019	227,819	60,858	77,616	366,293
DEPRECIATION				
At 1 April 2018	-	20,598	22,764	43,362
Charge in the year	-	7,238	13,715	20,953
Disposals	-	-	-	-
At 31 March 2019	-	27,836	36,479	64,315
NET BOOK VALUE				
As at 31 March 2019	227,819	33,022	41,137	301,978
As at 31 March 2018	-	16,438	29,852	46,290

Company

	Long leasehold property	Fixtures and fittings	Motor vehicles	Totals
	£	£	£	£
COST				
At 1 April 2018	-	37,036	48,658	85,694
Additions	227,819	2,312	25,000	255,131
Disposals	-	-	-	-
At 31 March 2019	227,819	39,348	73,658	340,825
DEPRECIATION				
At 1 April 2018	-	20,598	18,806	39,404
Charge in the year	-	5,087	13,715	18,802
Disposals	-	-	-	-
At 31 March 2019	-	25,684	32,521	58,206
NET BOOK VALUE				
As at 31 March 2019	227,819	13,663	41,137	282,619
As at 31 March 2018	-	16,438	29,852	46,290

continued…

13. FIXED ASSET INVESTMENTS

Company

	Shares in group undertakings
COST	**£**
At 1 April 2018	**53,456,528**
Additions	**1,844,793**
Amounts written off	**(8,937,611)**
At 31 March 2019	**46,363,710**
NET BOOK VALUE	
At 31 March 2019	**46,363,710**
At 31 March 2017	53,456,528

The amounts written off relate to the write down of Deemark Limited and Eastcastle Properties Limited following the transfer of investment properties held in these entities to other group companies.

The Group or the Company's investments at the Balance Sheet date in the share capital of companies include the following:

Subsidiaries

London & Surrey Property Holdings Limited
Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK
Nature of business: Property investment

	%
Class of shares:	Holding
Ordinary: direct	100

Amdale Securities Limited
Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK
Nature of business: Property investment

	%
Class of shares:	Holding
Ordinary: direct	100

continued…

13. **FIXED ASSET INVESTMENTS - continued**

Deemark Limited
Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK
Nature of business: Property investment

	%
Class of shares:	Holding
Ordinary: direct	60.39
Ordinary: indirect	39.61

Innbrighton Properties Limited
Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK
Nature of business: Property investment

	%
Class of shares:	Holding
Ordinary: indirect	100

Delrose Developments Limited
Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK
Nature of business: Property development

	%
Class of shares:	Holding
Ordinary: indirect	60

continued…

13. FIXED ASSET INVESTMENTS - continued

Eastcastle Properties Limited

Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK

Nature of business: Property investment

	%
Class of shares:	Holding
Ordinary: direct	100

Ravensthorpe Holdings Limited

Registered office: Parkway House, Sheen Lane, London, SW14 8LS, UK

Nature of business: Property investment

	%
Class of shares:	Holding
Ordinary: direct	100

Ravensthorpe Holdings Limited was acquired on 18 December 2018.

All of the above subsidiaries are included in the consolidation. The investments in subsidiaries are all stated at cost less impairment.

continued…

14. INVESTMENT PROPERTY

Group

	Total
FAIR VALUE	**£**
At 1 April 2018	**144,387,324**
Additions through external acquisition	**11,308,273**
Capital improvements	**234,196**
Additions through business combination	**1,870,000**
Disposals	**(3,058,500)**
Net gains or losses through fair value adjustments	**(1,885,693)**
At 31 March 2019	**152,855,600**
NET BOOK VALUE	
At 31 March 2019	**152,855,600**
At 31 March 2018	144,387,324

Group

Investment property comprises freehold and long leasehold property. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 March 2019 by Lambert Smith Hampton independent chartered surveyors. All properties have been valued aside from the Red Lion in Holborn, purchased for £2,180,585 in March 2019, which has been included at cost. The valuations were made on an open market basis by reference to existing use.

Investment properties with a value totaling £91,983,500 (2018: £69,811,500) have been pledged to secure borrowings of the Group. Company £49,760,000 (2018: £41,651,500).

	2019	2018
Group	**£**	£
Freehold	**141,238,475**	138,186,449
Long leasehold	**11,617,125**	6,200,875
	152,885,600	144,387,324

	2019	2018
Company	**£**	£
Freehold	**73,041,889**	71,492,500
Long leasehold	**3,430,000**	-
	76,471,889	71,492,500

14. **INVESTMENT PROPERTY - continued**

Company

	Total
FAIR VALUE	**£**
At 1 April 2018	**71,492,500**
Additions	**9,984,163**
Disposals	**(925,000)**
Net gains or losses through fair value adjustments	**(4,079,774)**
At 31 March 2018	**76,471,889**
NET BOOK VALUE	
At 31 March 2019	**76,471,889**
At 31 March 2018	71,492,500

The fair value reserve for the company and the Group discloses the movement between the historical cost basis and the fair value basis for investment properties.

Valuation process

Investment properties are stated at fair value as determined by independent professional valuers. During the year the Group appointed Lambert Smith Hampton ("LSH") to value all of the Group's properties. Previously the Group's properties were valued by Jones Lang LaSalle, Fleurets and Aitchison Raffety.

All of the valuations are carried out in accordance with the Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. One of the key factors for appointing LSH was their recent experience in the relevant locations and property sectors.

Investment property has been valued using an investment method involving the application of a yield to rental income streams. Inputs include yield, current rent and estimated rental value ("ERV"). Valuation reports are based on information provided from the Group's property database including current rents and lease terms and assumptions applied by the valuers eg. ERV's and yields. The assumptions used by the valuers are influenced by relevant local comparables for the type, location and condition of the property.

15. **STOCKS**

	Group	
	2019	2018
	£	£
Property stock	**2,959,327**	2,570,139

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Trade debtors	**879,083**	833,289	**537,593**	491,290
Amounts owed by group undertakings	**-**	-	**8,480,311**	10,250,000
Accrued income and other debtors	**966,862**	2,029,926	**557,081**	1,789,926
Prepayments	**411,405**	1,171,638	**256,553**	88,920
	2,257,350	4,034,853	**9,831,538**	12,620,136

Included within the accrued income balance of the Group and the Company are unexpired lease incentives that will be released to the profit and loss across the terms of each individual lease. Lease incentives totalled £862,365 (2018: £583,108) of which £793,825 (2018: £464,313) is included as due after one year.

The directors considered that the carrying value of trade debtors approximates to their fair value. The credit risk in respect of trade debtors is not concentrated as the Group has many tenants spread across a number of industry sectors. In addition, the tenant's rents are generally payable in advance.

The predominant class within trade debtors is rent receivable. The maximum exposure to credit risk at the reporting date is the carrying value of trade debtors as mentioned above. In assessing whether trade debtors are impaired, each debt is considered on an individual basis, and provision is made based upon specific knowledge of each tenant.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Bank loans (see note 19)	**9,500,000**	-	**9,500,000**	-
Trade creditors	**295,309**	126,401	**165,074**	69,016
Amounts owed to group undertakings	**-**	-	**8,794,785**	5,872,358
Tax	**45,663**	38,537	**345**	1,018
Social security and other taxes	**51,951**	198,268	**51,951**	198,268
VAT	**213,050**	229,206	**182,398**	211,896
Other creditors	**554,736**	834,378	**384,550**	713,361
Deferred income	**1,666,662**	1,538,554	**1,244,619**	1,133,595
Accruals	**357,239**	391,284	**161,689**	203,924
Fair value of interest rate swap	**159,852**	-	**159,852**	-
	12,844,462	3,356,628	**20,645,263**	8,403,436

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment and are repayable on demand.

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Bank loans (see note 19)	**24,500,000**	14,500,000	**5,000,000**	-
Revolving credit facility (see note 19)	**-**	12,500,000	**-**	12,500,000
Fair value of interest rate swap	**-**	518,059	**-**	518,059
	24,500,000	27,518,059	**5,000,000**	13,018,059

The Group's policy in respect of the use of derivative financial instruments to manage risk is detailed in the accounting policies. Interest rates are hedged by the use of an interest rate swap and fixed interest loans. The interest rate swap fixes the interest at 4.55% on £10m of revolving credit facility and the swap expires on 1 August 2019.

19. LOANS

	Group		Company	
	2019	2018	**2019**	2018
	£	£	**£**	£
Amounts falling due within one year on demand:				
Bank loans and revolving credit facility	**9,500,000**	-	**9,500,000**	-
	9,500,000	-	**9,500,000**	-
Amounts falling due between one and two years:				
Bank loans and revolving credit facility	**-**	12,500,000	**-**	12,500,000
Amounts falling due in more than five years:				
Bank loans	**24,500,000**	14,500,000	**5,000,000**	-

The total amount of Group creditors for which security has been given are £34,000,000 (2018: £27,000,000). Company £14,500,000 (2018: £12,500,000).

On 25 February 2014, the Group entered into a Revolving Credit Facility until 1 August 2019 of up to a maximum of £25,000,000. Interest payable on the facility is based upon the one month LIBOR, plus 2.5% margin.

The Group has overdraft facilities of up to a maximum of £1,250,000 (2018: £1,490,000). Interest payable on the facilities is based upon Bank base rate, plus margins of 2% - 2.65%.

The Group’s bank loans are interest only and repayable in full on the maturity dates which vary between 5 and 10 years. Interest is payable at rates between 3.45% - 3.53% and are fixed for between 5 and 10 years (2018: 3.47% - 3.53%).

The revolving credit facility, bank overdrafts, and bank loans are secured by a first legal charge, over certain of the Group's investment properties.

20. LEASING AGREEMENTS

Lessor

At 31 March 2019 the Group owned commercial and residential investment properties for rental purposes. Rental income earned during the period was £9,716,676 (2018: £9,571,760) and direct operating expenses arising on the properties in the period was £1,408,693 (2018: £1,794,922). The properties are expected to generate yield between 4% and 8% p.a. depending on type of property. Most lease contracts contain market review clauses in the event that the lessee exercises their option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

	Group		**Company**	
	2019	2018	**2019**	2018
	£	£	**£**	£
Within one year	**8,102,602**	6,724,144	**5,216,409**	4,647,986
Between two and five years	**24,525,616**	19,998,661	**14,789,254**	13,358,098
In over five year	**32,781,705**	41,723,450	**17,327,733**	11,870,018
	65,409,923	68,446,255	**37,333,396**	29,876,102

21. FINANCIAL INSTRUMENTS

	Group		**Company**	
	2019	2018	**2019**	2018
Financial assets	**£**	£	**£**	£
Debt instruments measured at amortised cost				
Trade debtors	**879,083**	833,289	**537,592**	491,290
Amounts owed from subsidiary undertakings	**-**	-	**8,480,311**	10,250,000
Equity instruments measured at cost				
Investment in subsidiary	**-**	-	**46,363,710**	53,456,528
	879,083	833,289	**55,381,613**	64,197,818
Financial liabilities				
Debt instruments measured at amortised cost				
Bank loans and overdrafts	**34,000,000**	27,000,000	**14,500,000**	12,500,000
Trade creditors	**295,309**	126,401	**165,074**	69,016
Other creditors	**554,736**	834,077	**384,550**	713,361
Accruals	**357,239**	391,284	**161,688**	203,924
Amounts due to subsidiary undertakings	**-**	-	**8,794,785**	5,872,358
Debt instruments measured at fair value				
Interest rate swap	**159,852**	518,059	**159,852**	518,059
	35,367,136	28,869,821	**24,165,949**	19,876,718

22. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2019 £	2018 £
9,669,067	Ordinary	0.02	**193,381**	193,381

There is one class of ordinary share which carry no right to fixed income. The shares carry no special rights or restrictions, each share carries one vote.

23. PENSION COMMITMENTS

	2019	2018
Defined contribution schemes	£	£
Charge to profit and loss in respect of defined contribution schemes	**14,523**	12,487

24. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year Ended 31.3.19 £	Year Ended 31.3.18 £
Profit before taxation	**4,021,192**	5,996,306
Depreciation charges	**20,953**	18,010
Profit on disposal of investment properties	**(490,163)**	(2,144,483)
Loss on revaluation of investment properties	**1,885,693**	1,066,882
Discount on the acquisition of subsidiaries	**-**	-
Finance costs	**1,124,194**	1,156,875
Finance income	**(3,424)**	(8,218)
	6,558,445	6,085,377
Increase in stocks	**(389,188)**	(338,297)
Decrease/(increase) in trade and other debtors	**1,816,398**	(397,604)
Decrease in trade and other creditors	**(189,239)**	(178,803)
Cash generated from operations	**7,796,416**	5,170,668

25. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 March 2019

	31.3.19 £	31.3.18 £
Cash and cash equivalents	**1,377,668**	**3,623,470**
Bank overdrafts	**-**	**-**
	1,377,668	**3,623,470**

26. Asset Purchase

On 18 December 2018 the Group acquired 100% of the share capital of Ravensthorpe Holdings Limited.

	Book Value	Fair Value
	£	£
Investment property	1,870,000	1,870,000
Cash and cash equivalents	5,073	5,073
Trade and other receivables	-	-
Trade and other payables	(30,280)	(30,280)
		1,844,793
Goodwill		-
Total Consideration		1,844,793

The consideration was satisfied by:	£
Cash	1,844,793
Trade and other receivables	-
Trade and other payables	-
	1,844,793

27. RELATED PARTY DISCLOSURES

No guarantees have been given or received by any of the companies in the Group.

During the year the Group purchased goods totalling £177,670 (2018: £287,430) from companies in which Z R Wozniak is a director. Z R Wozniak is a director and shareholder of Delrose Development Limited. At the year end, the Group owed £22,172 (2018: £1,450) to this company.

During the year the Group purchased services totalling £3,750 (2018: £3,580) from R. Shaunak, a non-executive director of the company.

28. CAPITAL COMMITMENTS

The Group entered into a contract to purchase properties with completion dates after the year end. The total capital commitments at the year end were £:NIL (2018: £5,691,600).

29. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

30. INVESTMENT PROPERTY PORTFOLIO

		Valuation at 31 March 2019
		£
London	Central London Residential	6,500,000
Mortlake	Serviced Offices	5,900,000
East Sheen	Serviced Offices	5,450,000
London	Central London Residential	4,000,000
Barnstaple	Retail Unit	4,000,000
Surbiton	Residential	3,775,125
London	Central London Residential	3,500,000
Braintree	Service Station	3,465,000
Bedford	Industrial Unit	3,430,000
Glasgow	Industrial Unit	3,350,000
		43,370,125
Other Retail/Industrial/Office/Residential Units/Licensed property		109,485,475
		152,855,600

Valuation Summary

The independent valuation of the investment portfolio, undertaken by Lambert Smith Hampton independent chartered surveyors, as at 31 March 2019, shows a decrease of £1,855,693.

31. EVENTS AFTER THE REPORTING PERIOD

On 14 June 2019 the Group completed the purchase of an industrial site in Newhaven, Sussex at a price of £10.5m.

32. NON–CONTROLLING INTERESTS

The non-controlling interest of £66,418 arises from the shareholding in Delrose Developments Limited.

33. FIVE YEAR FINANCIAL SUMMARY

		2019	2018	2017	2016	2015
				14 months	restated	
		£'000	£'000	£'000	£'000	£'000
Results						
	Revenue	9,935	10,214	13,031	5,012	5,331
	-arising from property investment	9,935	9,769	10,831	5,012	5,331
	-arising from property development	-	445	2,200	-	-
	Profits					
	-arising from property investment	5,907	6,821	7,239	3,613	3,875
	-arising from changes in fair value of investment properties	(1,886)	(1,067)	8,026	670	546
	-arising from property development	-	242	436	-	(4)
	-arising from discount on acquisition of subsidiaries	-	-	2,439	-	-
	Profit before tax	4,021	5,996	18,140	4,283	4,417
	Corporation tax	14	(29)	(50)	-	(106)
	Minority interest	66	(17)	(140)	-	-
	Profit after tax and MI	4,101	5,950	17,951	4,283	4,311
	Distributions	(5,415)	(5,253)	(4,140)	(2,825)	(2,994)
	Profit Retained	(1,314)	697	13,811	1,458	1,317
	Earnings per share on ordinary activities	61.9	78.6	87.6	100.0	103.4
	Gross PID per share	55.0	55.0	60.5	66.2	70.1
	Dividend cover	1.13	1.43	1.45	1.51	1.48
	Net Asset Value per share	12.66	12.80	12.90	11.51	11.17
Funds						
	Total shareholders funds	122,407	123,787	110,154	49,162	47,705
	Bank and other loans including interest rate swaps	34,160	27,518	28,493	11,838	14,316
		156,567	151,305	138,647	61,000	62,021
Employment of funds						
	Fixed Assets	153,158	144,433	150,821	62,168	61,305
	Net current (liabilities)/assets	3,409	6,872	-12,174	-1,168	716
		156,567	151,305	138,647	61,000	62,021
Total Return		3.2%	3.5%	17.3%	9.0%	7.5%

Glenstone Property plc
Parkway House
Sheen Lane
East Sheen
London
SW14 8LS

T: 020 8392 1726

www.glenstoneproperty.co.uk