

Company Registration No. 00442441 (England and Wales)

ABBHEY COMMERCIAL INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

ABBHEY COMMERCIAL INVESTMENTS LIMITED

COMPANY INFORMATION

Directors R J B Duce Esq
A J C Duce Esq
C A Gray Esq (Appointed 1 June 2020)

Company number 00442441

Registered office Devonshire House
1 Devonshire Street
London
W1W 5DR

Auditor Citroen Wells
Chartered Accountants
Devonshire House
1 Devonshire Street
London
W1W 5DR

Business address Rock House
Great Casterton Road
Stamford
Lincs
PE9 2YQ

Bankers Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

Arbuthnot Latham & Co. Limited
Arbuthnot House
7 Wilson Street
London
EC2M 2SN

ABBHEY COMMERCIAL INVESTMENTS LIMITED

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ABBEY COMMERCIAL INVESTMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present the strategic report for the year ended 30 June 2019.

Fair review of the business

The Group is principally engaged in property investment and development, power generation and trading in forestry.

The Group has generated a post tax loss for the year of £15,589 (2018: £4,225,984 profit for the year).

During the year the Group continued to develop its business and progress its key projects and the state of the affairs of the Company and Group were considered satisfactory at the year-end.

The Group's key financial performance indicators are that of rent receivable, bank loan interest payable, and net profit/(loss) after tax, which communicate the financial performance of the Group as a whole.

The key performance indicators for the last three periods were as follows:-

	2019	2018	2017
	£	£	£
Rents receivable	3,883,902	3,877,601	4,220,690
Bank loan interest payable	2,346,780	2,128,453	2,268,724
Net (loss)/profit after tax and minority interests	(15,589)	4,225,984	3,024,836

Principal risks and uncertainties

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. In order to maintain liquidity and cash flow to ensure that sufficient funds are available for on-going operations and future developments, the Group uses a mixture of own generated cash resources and long term debt finance. The Group's credit risk is primarily attributable to its rents receivable. The amounts presented in the balance sheet are stated net of allowances for doubtful receivables.

ABBEY COMMERCIAL INVESTMENTS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

The main risks associated with the Group's financial assets and liabilities and set out below:-

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings and by the use of interest rate swap contracts.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral (rent deposits) where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the directors on an ongoing basis.

Trade receivables in the main consist of amounts due from a large number of individual tenants. The Group does not have any significant credit risk exposure to any single counterparty.

Liquidity risk management

Responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns but at all times having due regard to the bank loan covenants. The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 22, cash and short-term deposits and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Future developments

The directors aim to continue the principal activities undertaken by the Group.

Approved by the board and signed on its behalf by:

C A Gray Esq

Director

30 September 2020

ABBEY COMMERCIAL INVESTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

The directors present their annual report together with the audited financial statements of the company and the group for the year ended 30 June 2019.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

B D Foord Esq	(Resigned 22 April 2020)
R J B Duce Esq	
J D Foord Esq	(Resigned 22 April 2020)
A J C Duce Esq	
C A Gray Esq	(Appointed 1 June 2020)

Results and dividends

The results for the year are set out on pages 7.

During the year the company declared and paid dividends of £1,838 in respect of the 4.9% cumulative preference shares and £251,250 in respect of the ordinary shares.

The company also declared dividends of £58,259 in respect of the 'A' ordinary shares for the year.

Post reporting date events

The World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic on 11 March 2020. The pandemic, and the measures to control its human impact, have resulted in disruptions to economic activity and business operations worldwide, the outcome of which is still uncertain.

At the date of approval of the financial statements, the full impact of the virus is inherently uncertain, and the directors are therefore unable to determine a reliable estimate of the financial impact of COVID-19 on the company and group's profitability, liquidity and financial position in the future. However, the directors are pleased to report that they have continued to receive strong support from their lenders throughout the crisis and they believe that the company and group are as well placed as they can be to withstand the uncertainties ahead and to profit from the changes in retail requirements on the High Street and in the residential housing market as the economy

Auditor

A resolution proposing that Citroen Wells be reappointed as auditors of the company will be put to the Annual General Meeting.

ABBEY COMMERCIAL INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Statement of directors' responsibilities

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 group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

C A Gray Esq

Director

30 September 2020

ABBEY COMMERCIAL INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ABBEY COMMERCIAL INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Abbey Commercial Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 June 2019 which comprise the group statement of comprehensive income, the group statement of financial position, the company statement of financial position, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent company's affairs as at 30 June 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

ABBEY COMMERCIAL INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF ABBEY COMMERCIAL INVESTMENTS LIMITED

Matters on which we are required to report by exception

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

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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.

Stephen Simou FCA (Senior Statutory Auditor)
for and on behalf of Citroen Wells

Chartered Accountants
Statutory Auditor

30 September 2020

Devonshire House
1 Devonshire Street
London
W1W 5DR

ABBAY COMMERCIAL INVESTMENTS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

		2019	2018
	Notes	£	£
Revenue	3	7,623,895	16,756,884
Cost of sales		(1,098,846)	(8,306,703)
Gross profit		6,525,049	8,450,181
Administrative expenses		(4,176,126)	(2,820,320)
Other operating income		16,061	14,833
Operating profit	4	2,364,984	5,644,694
Investment income	8	121,776	65,909
Finance costs	9	(2,629,120)	(4,582,527)
Revaluation of investment properties	10	287,717	637,173
Profit on disposal of operations		-	3,217,996
Profit before taxation		145,357	4,983,245
Taxation	11	(160,946)	(757,261)
(Loss)/profit and total comprehensive income for the year		(15,589)	4,225,984

The income statement has been prepared on the basis that all operations are continuing operations.

Total comprehensive income for the year is all attributable to the owners of the parent company.

ABBEY COMMERCIAL INVESTMENTS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Goodwill	13		1,781,162		1,981,162
Negative goodwill	13		(339,116)		(339,116)
Net goodwill			1,442,046		1,642,046
Property, plant and equipment	14		12,598,228		13,274,317
Investment properties	15		52,658,915		50,331,523
Investments	16		310,934		310,934
			67,010,123		65,558,820
Current assets					
Inventories	18	22,162,792		18,583,925	
Trade and other receivables	19	5,748,356		4,633,684	
Cash at bank and in hand		1,756,487		2,076,598	
		29,667,635		25,294,207	
Current liabilities	20	(11,462,597)		(37,406,940)	
Net current assets/(liabilities)			18,205,038		(12,112,733)
Total assets less current liabilities			85,215,161		53,446,087
Non-current liabilities	21		(49,155,115)		(17,261,171)
Provisions for liabilities	23		(4,055,475)		(3,853,409)
Net assets			32,004,571		32,331,507
Equity					
Called up share capital	26		237,500		237,500
Other reserves			11,278,765		11,141,489
Capital redemption reserve			120,100		120,100
Retained earnings	27		20,368,206		20,832,418
Total equity			32,004,571		32,331,507

The financial statements were approved by the board of directors and authorised for issue on 30 September 2020 and are signed on its behalf by:

C A Gray Esq
Director

ABBEY COMMERCIAL INVESTMENTS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		2019		2018	
	Notes	£	£	£	£
Fixed assets					
Property, plant and equipment	14		-		4,809
Investment properties	15		9,678,786		9,573,875
Investments	16		1,251,440		6,288,151
			<u>10,930,226</u>		<u>15,866,835</u>
Current assets					
Trade and other receivables	19	46,599,409		44,874,143	
Cash at bank and in hand		15,057		513,432	
		<u>46,614,466</u>		<u>45,387,575</u>	
Current liabilities	20	(3,091,336)		(20,560,425)	
Net current assets			<u>43,523,130</u>		<u>24,827,150</u>
Total assets less current liabilities			<u>54,453,356</u>		<u>40,693,985</u>
Non-current liabilities	21	(24,580,703)		(3,710,850)	
Provisions for liabilities	23	(2,149,445)		(2,023,583)	
Net assets			<u>27,723,208</u>		<u>34,959,552</u>
Equity					
Called up share capital	26		237,500		237,500
Other reserves			12,317,932		12,317,932
Capital redemption reserve			120,000		120,000
Retained earnings	27		15,047,776		22,284,120
Total equity			<u>27,723,208</u>		<u>34,959,552</u>

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's loss for the year was £6,924,997 (2018 - £10,751,473 profit for the year).

The financial statements were approved by the board of directors and authorised for issue on 30 September 2020 and are signed on its behalf by:

C A Gray Esq
Director

Company Registration No. 00442441

ABBAY COMMERCIAL INVESTMENTS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total £
Balance at 1 July 2017		237,500	120,100	11,044,876	17,097,690	28,500,166
Year ended 30 June 2018:						
Profit and total comprehensive income for the year		-	-	-	4,225,984	4,225,984
Dividends	12	-	-	-	(394,643)	(394,643)
Other movements		-	-	96,613	(96,613)	-
Balance at 30 June 2018		237,500	120,100	11,141,489	20,832,418	32,331,507
Year ended 30 June 2019:						
Loss and total comprehensive income for the year		-	-	-	(15,589)	(15,589)
Dividends	12	-	-	-	(311,347)	(311,347)
Other movements		-	-	137,276	(137,276)	-
Balance at 30 June 2019		237,500	120,100	11,278,765	20,368,206	32,004,571

ABBEY COMMERCIAL INVESTMENTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Share capital £	Capital redemption reserve £	Other reserves £	Retained earnings £	Total £
Balance at 1 July 2017		237,500	120,000	11,618,807	12,626,414	24,602,721
Year ended 30 June 2018:						
Profit and total comprehensive income for the year		-	-	-	10,751,473	10,751,473
Dividends	12	-	-	-	(394,642)	(394,642)
Other movements		-	-	699,125	(699,125)	-
Balance at 30 June 2018		237,500	120,000	12,317,932	22,284,120	34,959,552
Year ended 30 June 2019:						
Loss and total comprehensive income for the year		-	-	-	(6,924,997)	(6,924,997)
Dividends	12	-	-	-	(311,347)	(311,347)
Balance at 30 June 2019		237,500	120,000	12,317,932	15,047,776	27,723,208

ABBEY COMMERCIAL INVESTMENTS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

		2019		2018	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	33	1,310,121		7,406,208	
Interest paid		(2,414,274)		(2,232,255)	
Income taxes refunded/(paid)		1,298		-	
Net cash inflow from operating activities		(1,102,855)		5,173,953	
Investing activities					
Purchase of investment properties		(2,925,978)		(433,768)	
Interest received		121,776		65,909	
Net cash used in investing activities		(2,804,202)		(367,859)	
Financing activities					
Proceeds of new bank loans		25,456,926		15,992,289	
Repayment of bank loans		(21,652,573)		(19,347,354)	
Dividends paid to equity shareholders		(309,054)		(523,367)	
Dividends paid to non-equity interests		(1,838)		(1,838)	
Net cash generated from/(used in) financing activities		3,493,461		(3,880,270)	
Net (decrease)/increase in cash and cash equivalents		(413,596)		925,824	
Cash and cash equivalents at beginning of year		2,044,340		1,118,516	
Cash and cash equivalents at end of year		1,630,744		2,044,340	
Relating to:					
Cash at bank and in hand		1,756,487		2,076,598	
Bank overdrafts included in creditors payable within one year		(125,743)		(32,258)	

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

Company information

Abbey Commercial Investments Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Devonshire House, 1 Devonshire Street, London, W1W 5DR. The business address is at Rock House, Great Casterton Road, Stamford, Lincs, PE9 2YQ.

The group consists of Abbey Commercial Investments Limited and all of its subsidiaries.

1.1 Accounting convention

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 financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position': Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Abbey Commercial Investments Limited and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 30 June 2019.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill.

The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date.

Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date.

The financial statements of Charlwoods Management Company Limited and Sutherland Hotels Limited have not been consolidated because they are immaterial in the context of the Group's financial statements. Accordingly, these investments are included in these financial statements at cost less any amounts written off for permanent diminution in value.

In the parent company financial statements, investments in subsidiaries are accounted for at cost less impairment.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company and the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.4 Revenue

Revenue represents the total invoice value (excluding Value Added Tax where appropriate) of: -

- i) income receivable from the rental of properties;
- ii) disposals of land and properties held as stock;
- iii) income from forestry;
- iv) power generation;
- v) data centre management and operation.

Revenue is recognised as earned when, and to the extent that, the Company and the Group obtain an unconditional right to consideration in exchange for their performance under any contracts or leases. It is derived entirely from the Company's and the Group's principal activities and is stated exclusive of VAT, where appropriate.

Rental income is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives being offered to occupiers to enter into a lease, such as an initial rent-free period or a cash contribution to fit out or similar costs, are an integral part of the net consideration for the use of the property and are therefore recognised on the same straight-line basis.

Proceeds received on the sale of trading properties are recognised when control of the property transfers to the buyer, i.e. the buyer has the ability to direct the use of the property and the right to the cash inflows and outflows generated by it. This generally occurs on unconditional exchange or on completion.

1.5 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale.

1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Tangible fixed assets other than land and buildings held as investment properties are depreciated at rates calculated to write off the cost less estimated residual value of each asset on a systematic basis over its expected useful life, as follows:

Land and buildings Freehold	Nil
Land and buildings Leasehold	Over the life of the lease
Plant and machinery	6.6% to 25% straight line basis
Office equipment, fixtures & fittings	10% to 20% straight line basis
Forestry assets	10% straight line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is recognised in the income statement.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.7 Investment properties

Certain of the group's properties are held for long-term investment. Investment properties are accounted for as follows:-

- Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.
- Investment properties whose fair value can be measured reliably are measured at fair value, as determined by the Directors. The surplus or deficit on revaluation is recognised in the profit and loss account.

1.8 Impairment of non-current assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Inventories

Inventories comprise land and buildings held for development and are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises the original purchase price and associated costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

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

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.10 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 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 statement of financial position 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.

Basic financial assets

Basic financial assets, which include trade and other receivables 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. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

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 or 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 or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

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.

Basic financial liabilities, including trade and other payables, 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 payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

Trade payables 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 payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, 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 or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

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

1.12 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.13 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right.

Group companies surrender tax losses intra-group for no consideration.

1.14 Provisions

Provisions are recognised when the group has a legal or constructive present obligation as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.18 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

1 Accounting policies

(Continued)

1.19 Capital reserve

The capital reserve comprises all appreciations and losses realised on the sale of any investment property held by the parent company. The capital reserve is non-distributable.

1.20 Finance costs

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

2 Judgements and key sources of estimation uncertainty

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.

3 Revenue

An analysis of the group's revenue is as follows:

	2019 £	2018 £
Turnover		
Rents receivable	3,883,902	3,877,601
Disposals of land and property held as stock	515,000	9,385,000
Forestry income	7,384	50,096
Power generation	2,718,469	2,811,567
Construction services and other activities	499,140	632,620
	<u>7,623,895</u>	<u>16,756,884</u>

Revenue analysed by geographical market

	2019 £	2018 £
Europe	313,090	240,369
UK	7,310,805	16,516,515
	<u>7,623,895</u>	<u>16,756,884</u>

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	23,125	17,648
Depreciation of owned property, plant and equipment	676,089	676,814
Amortisation of intangible assets	200,000	(899,067)
Operating lease charges	503,269	504,529
	<u>503,269</u>	<u>504,529</u>

5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	30,000	30,000
Audit of the financial statements of the company's subsidiaries	41,000	100,000
	<u>71,000</u>	<u>130,000</u>
For other services		
All other non-audit services	77,857	53,608
	<u>77,857</u>	<u>53,608</u>

6 Employees

The average monthly number of persons (including directors) employed by the group and the company during the year was:

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Management and administration	8	7	6	7
	<u>8</u>	<u>7</u>	<u>6</u>	<u>7</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	300,497	268,531	254,684	268,531
Social security costs	32,802	28,990	28,821	28,990
Pension costs	-	156	-	156
	<u>333,299</u>	<u>297,677</u>	<u>283,505</u>	<u>297,677</u>

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

7 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	160,000	157,083

8 Investment income

	2019	2018
	£	£
Interest income		
Bank interest	608	80
Other interest	121,168	65,829
Total income	121,776	65,909

9 Finance costs

	2019	2018
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	2,346,780	2,128,453
Interest on finance leases and hire purchase contracts	95,188	43,353
Other interest	49,546	11,991
	2,491,514	2,183,797
Other finance costs:		
Movement in provisions against loans	67,629	2,890,309
Movement on interest rate swap valuations	69,977	(491,579)
Total finance costs	2,629,120	4,582,527

10 Other gains and losses

	2019	2018
	£	£
Changes in the fair value of investment properties	287,717	637,173

11 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	-	610,100
Adjustments in respect of prior periods	19,555	-
Total current tax	19,555	610,100

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

11 Taxation (Continued)

Deferred tax

Origination and reversal of timing differences	141,391	147,161
	<u> </u>	<u> </u>
Total tax charge	160,946	757,261
	<u> </u>	<u> </u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	145,357	4,983,245
	<u> </u>	<u> </u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	27,618	946,817
Tax effect of expenses that are not deductible in determining taxable profit	547,644	83,211
Gains not taxable	(660,198)	(251,095)
Tax effect of utilisation of tax losses not previously recognised	(42,909)	(128,807)
Unutilised tax losses carried forward	261,383	-
Permanent capital allowances in excess of depreciation	(168,488)	(260,298)
Other permanent differences	34,950	220,272
Under/(over) provided in prior years	19,555	-
Deferred tax movement	141,391	147,161
	<u> </u>	<u> </u>
Taxation charge for the year	160,946	757,261
	<u> </u>	<u> </u>

12 Dividends

	2019 £	2018 £
Dividends declared and payable in respect of 4.9% Cumulative Preference Shares (non-equity shares)	1,838	1,838
Dividends declared and payable in respect of 'A' Ordinary Shares (equity shares)	58,259	57,804
Dividends declared and payable in respect of Ordinary Shares (equity shares)	251,250	335,000
	<u> </u>	<u> </u>
	311,347	394,642
	<u> </u>	<u> </u>

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

13 Intangible fixed assets

Group	Positive Goodwill £	Negative goodwill £	Total £
Cost			
At 1 July 2018 and 30 June 2019	3,096,778	(5,251,764)	(2,154,986)
Amortisation and impairment			
At 1 July 2018	1,115,616	(4,912,648)	(3,797,032)
Amortisation charged/released in the year	200,000	-	200,000
At 30 June 2019	1,315,616	(4,912,648)	(3,597,032)
Carrying amount			
At 30 June 2019	1,781,162	(339,116)	1,442,046
At 30 June 2018	1,981,162	(339,116)	1,642,046

Company

The company had no intangible fixed assets at 30 June 2019 or 30 June 2018.

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 JUNE 2019**

14 Property, plant and equipment

Group	Land and buildings Freehold	Land and buildings Leasehold	Plant and machinery fixtures & fittings	Office equipment, fixtures & fittings	Forestry assets	Total
Cost	£	£	£	£	£	£
At 1 July 2018 and 30 June 2019	358,197	357,500	15,762,145	337,045	142,492	16,957,379
Depreciation and impairment						
At 1 July 2018	-	121,732	3,205,236	218,411	137,683	3,683,062
Depreciation charged in the year	-	28,624	602,060	40,596	4,809	676,089
At 30 June 2019	-	150,356	3,807,296	259,007	142,492	4,359,151
Carrying amount						
At 30 June 2019	358,197	207,144	11,954,849	78,038	-	12,598,228
At 30 June 2018	358,197	235,768	12,556,909	118,634	4,809	13,274,317

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

14 Property, plant and equipment

Company	Forestry assets
	£
Cost	
At 1 July 2018 and 30 June 2019	142,492
Depreciation and impairment	
At 1 July 2018	137,683
Depreciation charged in the year	4,809
At 30 June 2019	142,492
Carrying amount	
At 30 June 2019	-
At 30 June 2018	4,809

15 Investment properties

	Group 2019 £	Company 2019 £
Fair value		
At 1 July 2018	50,331,523	9,573,875
Additions through external acquisition	2,925,978	130,759
Disposals	(60,745)	-
Transfers to inventories	(825,558)	-
Net gains or losses through fair value adjustments	287,717	(25,848)
At 30 June 2019	52,658,915	9,678,786

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group 2019 £	Company 2019 £
Cost	37,482,668	2,366,854
Accumulated depreciation	-	-
Carrying amount	37,482,668	2,366,854

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

16 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	17	-	-	940,506	5,977,217
Unlisted investments		310,934	310,934	310,934	310,934
		<u>310,934</u>	<u>310,934</u>	<u>1,251,440</u>	<u>6,288,151</u>

Movements in non-current investments

Group	Shares £
Cost or valuation	
At 1 July 2018 & 30 June 2019	<u>310,934</u>
Carrying amount	
At 30 June 2019	<u>310,934</u>
At 30 June 2018	<u>310,934</u>

Movements in non-current investments

Company	Shares £
Cost or valuation	
At 1 July 2018	6,288,151
Additions	<u>1</u>
At 30 June 2019	<u>6,288,152</u>
Carrying amount	
At 30 June 2019	<u>6,288,152</u>
At 30 June 2018	<u>6,288,151</u>

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

17 Subsidiaries

Details of the company's subsidiaries at 30 June 2019 are as follows:

Name of undertaking	Nature of business	Class of shares held	% Held	
			Direct	Indirect
Abbey Commercial Developments Limited *	Property development & investment	Ordinary	100.00	0
Abbey Heat and Power Co Limited *	Production of energy	Ordinary	75.00	0
Abbey Power Investments Limited *	Holding company	Ordinary	75.00	0
Abbey Power Reserve Limited *	Dormant	Ordinary	0	51.00
Abbey Power Solutions Limited *	Holding company	Ordinary	0	75.00
Belwin Limited *	Property development	Ordinary	0	100.00
Benchmark Leisure Limited	Property development & investment	Ordinary	0	100.00
Benchmark Properties Limited *	Property development	Ordinary	100.00	0
BLL Investments Limited *	Holding company	Ordinary	100.00	0
Charlwoods Management Company Limited	Management of real estate	Ordinary	28.00	0
Croft Commercial Developments Limited *	Property development & investment	Ordinary	0	100.00
Harp Business Centre Limited *	Property investment	Ordinary	100.00	0
Rufus Properties Limited *	Property development	Ordinary	100.00	0
SPEP Limited *	Production of energy	Ordinary	0	75.00
Sutherland Hotels Limited *	Dormant	Ordinary	100.00	0
Sutherland Walk Developments Limited *	Property development	Ordinary	100.00	0
Vaxton Limited *	Property investment	Ordinary	100.00	0
The Abbey Group Development Company Ltd	Property development	Ordinary	100.00	0
Scarborough Water Park Hotel Limited*	Property development	Ordinary	100.00	0
Abbey Commercial Investments 2 Limited*	Holding company	Ordinary	100.00	0
The Stamford Walk Development Co. Limited*	Dormant	Ordinary	100.00	0
Abbey Investment Holdings Limited*	Property investment	Ordinary	0	100.00

The registered office of the subsidiaries marked with * is at Devonshire House, 1 Devonshire Street, London, W1W 5DR.

The registered office of the remaining subsidiaries is as follows:

- Benchmark Leisure Limited and The Abbey Group Development Company Limited: Rock House, Scotgate, Stamford, Lincolnshire, England, PE9 2YQ
- Charlwoods Management Company Limited: Carlton House, 28-29 Carlton Terrace, Portslade, East Sussex, BN11 1UR

The company also has an interest and effective control of Sovereign Property Partners LLP, which is involved in the production of energy. Its results are also consolidated.

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

18 Inventories

	Group 2019 £	2018 £	Company 2019 £	2018 £
Raw materials and consumables	10,000	10,000	-	-
Land and development properties	22,152,792	18,573,925	-	-
	<u>22,162,792</u>	<u>18,583,925</u>	<u>-</u>	<u>-</u>

19 Trade and other receivables

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade receivables	1,089,548	766,290	54,537	11,828
Corporation tax recoverable	908	908	-	-
Amounts owed by group undertakings	-	-	44,804,475	42,939,947
Other receivables	3,162,260	3,053,388	1,684,110	1,881,209
Prepayments and accrued income	1,449,133	757,289	56,287	41,159
	<u>5,701,849</u>	<u>4,577,875</u>	<u>46,599,409</u>	<u>44,874,143</u>
Deferred tax asset (note 24)	-	9,302	-	-
	<u>5,701,849</u>	<u>4,587,177</u>	<u>46,599,409</u>	<u>44,874,143</u>
Amounts falling due after more than one year:				
Deferred tax asset (note 24)	46,507	46,507	-	-
	<u>46,507</u>	<u>46,507</u>	<u>-</u>	<u>-</u>
Total debtors	<u>5,748,356</u>	<u>4,633,684</u>	<u>46,599,409</u>	<u>44,874,143</u>

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

20 Current liabilities

		Group		Company	
	Notes	2019	2018	2019	2018
		£	£	£	£
Bank loans and overdrafts	22	2,884,638	30,880,744	51,851	19,171,358
Trade payables		2,738,484	2,398,333	180,495	151,146
Amounts owed to group undertakings		-	-	1,924,789	514,784
Corporation tax payable		630,953	610,100	-	-
Other taxation and social security		233,154	318,619	9,642	100,470
Dividends payable		58,259	57,804	58,259	57,804
Other payables		1,632,830	1,529,869	469,473	372,014
Accruals and deferred income		3,284,279	1,611,471	396,827	192,849
		<u>11,462,597</u>	<u>37,406,940</u>	<u>3,091,336</u>	<u>20,560,425</u>

21 Non-current liabilities

		Group		Company	
	Notes	2019	2018	2019	2018
		£	£	£	£
Bank loans and overdrafts	22	49,155,115	17,261,171	24,580,703	3,710,850
		<u>49,155,115</u>	<u>17,261,171</u>	<u>24,580,703</u>	<u>3,710,850</u>

22 Borrowings

		Group		Company	
		2019	2018	2019	2018
		£	£	£	£
Bank loans		51,914,010	48,109,657	24,580,703	22,882,208
Bank overdrafts		125,743	32,258	51,851	-
		<u>52,039,753</u>	<u>48,141,915</u>	<u>24,632,554</u>	<u>22,882,208</u>
Payable within one year		2,884,638	30,880,744	51,851	19,171,358
Payable after one year		49,155,115	17,261,171	24,580,703	3,710,850
		<u>52,039,753</u>	<u>48,141,915</u>	<u>24,632,554</u>	<u>22,882,208</u>

The bank loans outstanding as at 30 June 2019 were as follows: -

Company

A loan of £24,580,703 with Lloyds Bank Plc is secured by a charge over certain of the company's and the group's properties. The loan carries interest at a variable rate of 3.00% above LIBOR and is repayable on 28 February 2022.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

22 Borrowings

(Continued)

Group

Vaxton Limited ('Vaxton') has a loan of £1,983,017 with Libraco Finance Limited which is denominated in Euros and is secured by legal charges over Vaxton's property and a floating charge over all the assets and undertakings of Vaxton. No interest has been charged on this loan during the year.

A loan of £13,611,019 with Arbutnot Latham & Co. Limited provided to Abbey Commercial Developments Limited, Harp Business Centre Limited, and Rufus Properties Limited on a cross-charged, cross-collateralised basis. The loan is principally secured by a fixed and floating charge over the properties owned by these companies. The loan carries interest at a variable rate of 3.50% above the base rate and is repayable on 26 April 2023.

Abbey Power Solutions Limited ('APS') has a loan of £8,747,980 with Royal Bank of Scotland Plc that is secured by a fixed and floating charge over all the assets and undertakings of APS and those of SPEP Limited and Sovereign Property Partners LLP. The loan carries interest at a rate of 3.25%. The final repayment date for the loan is 31 December 2024.

Abbey Investment Holdings Limited ('AIH') has a loan of £1,088,000 with Lazari Finance 2 Limited that is secured by a fixed and floating charge over all property and assets owned by AIH. The loan carries interest at a rate of 3.50% above LIBOR and is repayable in full in March 2024.

Scarborough Water Park Hotel Limited ('SWPH') has a loan of £1,903,291 with Lazari Finance 2 Limited that is secured by a fixed and floating charge over all property and assets owned by SWPH. The loan carries interest at a rate of 4.50% above LIBOR. The loan is repayable in full in October 2020.

23 Provisions for liabilities

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Interest rate swap liabilities		2,066,244	1,996,267	1,538,052	1,362,437
Deferred tax liabilities	24	1,989,231	1,857,142	611,393	661,146
		<u>4,055,475</u>	<u>3,853,409</u>	<u>2,149,445</u>	<u>2,023,583</u>

Movements on provisions apart from deferred tax liabilities:

	Interest rate swap liabilities
Group	£
At 1 July 2018	1,996,267
Adjustments to provisions	69,977
At 30 June 2019	<u>2,066,244</u>

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

23 Provisions for liabilities

(Continued)

	Interest rate swap liabilities
Company	£
At 1 July 2018	1,362,437
Adjustments to provisions	175,615
	<hr/>
At 30 June 2019	1,538,052
	<hr/>

Under the terms of the group's loan financing arrangements, it is sometimes required to enter into interest rate swap agreements in order to mitigate its interest rate risk. However, as interest rates have remained low over recent years the swap agreements have become onerous and the above provisions represent the estimated amount the company and the group would need to pay in order to cancel the swaps at the year end.

24 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Group				
Revaluations	1,469,649	1,459,792	-	-
Capital allowances	565,501	464,832	-	-
Heldover gains	69,423	56,359	-	-
Interest rate swap transitional spreading	(115,342)	(123,841)	46,507	55,809
	<hr/>	<hr/>	<hr/>	<hr/>
	1,989,231	1,857,142	46,507	55,809
	<hr/>	<hr/>	<hr/>	<hr/>
	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Company				
Revaluations	726,735	784,987	-	-
Interest rate swap transitional spreading	(115,342)	(123,841)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	611,393	661,146	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The expected net reversal of deferred tax assets and liabilities cannot be reliably estimated, with the exception of the asset recognised in connection with the interest rate swap transitional spreading, which will be released on a straight line basis over the next 6 years.

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

25 Retirement benefit schemes

	2019	2018
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	-	156

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

26 Share capital

	Group and company	
	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
180,000 Ordinary Shares of £1 each	180,000	180,000
20,000 'A' Ordinary Shares of £1 each	20,000	20,000
	<u>200,000</u>	<u>200,000</u>
Preference share capital		
Issued and fully paid		
37,500 4.9% Cumulative Preference Shares of £1 each	37,500	37,500
	<u>37,500</u>	<u>37,500</u>
Total called up share capital	<u>237,500</u>	<u>237,500</u>

Shareholders' rights

'A' Ordinary Shares of £1 each

The 'A' ordinary shareholders are entitled to a cumulative preferential dividend of a sum equal to 1.5% of the group's gross rental income. The dividend entitlement ranks after that of the preference shareholders but is in priority to the ordinary shareholders. The 'A' ordinary shareholders are entitled on a winding up or otherwise, to a repayment of paid up capital and outstanding dividends, in priority to the ordinary shareholders but after the preference shareholders.

These shares have the same voting rights at general meetings as ordinary shares.

4.9% Cumulative Preference Shares of £1 each

The cumulative preference shareholders are entitled to a fixed cumulative preferential dividend at a rate of 4.9% per annum on paid up capital.

The shareholders are entitled on a winding-up or otherwise, to a repayment of paid up capital and outstanding dividends, in priority to the 'A' ordinary and ordinary shareholders.

Cumulative preference shareholders are not entitled to attend and vote at any General meeting unless the Company has failed to pay any dividends by the prescribed time. At that time, each shareholder shall have one vote for every £1 in nominal amount of shares held.

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

27 Reserves

The retained earnings carried forward at 30 June 2019 comprise of the following:

	Group £	Company £
Distributable reserves	7,098,603	8,462,569
Non distributable reserves	13,269,603	6,585,207
	<u>20,368,206</u>	<u>15,047,776</u>

Movement in fair value reserve

Group	2019 £	2018 £
At beginning of year	13,205,144	13,089,029
Fair value movement on investment properties	287,717	637,173
Realised in year	(223,258)	(521,058)
	<u>13,269,603</u>	<u>13,205,144</u>
	<u>13,269,603</u>	<u>13,205,144</u>
Company		
At beginning of year	7,337,780	8,338,971
Realised in year	(25,848)	(1,001,191)
	<u>7,311,932</u>	<u>7,337,780</u>
	<u>7,311,932</u>	<u>7,337,780</u>

28 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	475,450	475,450	-	-
Between two and five years	1,863,417	1,885,351	-	-
In over five years	12,101,375	12,558,867	-	-
	<u>14,440,242</u>	<u>14,919,668</u>	<u>-</u>	<u>-</u>

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

29 Financial commitments, guarantees and contingent liabilities

At the year end, the Group had the following financial commitments, guarantees and contingent liabilities:-

Benchmark Leisure Limited and Scarborough Water Park Limited had an obligation to Scarborough Borough Council to ring fence £1.498M to continue the redevelopment of north bay Scarborough as part of a joint venture agreement with the Council. However, this obligation is contingent on profits being made on the sale of an existing development being undertaken by Scarborough Water Park Limited which is uncertain at this time.

Benchmark Properties Limited had guaranteed, on an unlimited basis, all of the obligations of Benchmark Leisure Limited under the various agreements between Benchmark Leisure Limited and Scarborough Borough Council.

Abbey Commercial Investments Limited had granted a £1M guarantee to cover the obligations of Benchmark Leisure Limited under a lease it has with Scarborough Borough Council.

30 Events after the reporting date

The World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic on 11 March 2020. The pandemic, and the measures to control its human impact, have resulted in disruptions to economic activity and business operations worldwide, the outcome of which is still uncertain.

At the date of approval of the financial statements, the full impact of the virus is inherently uncertain, and the directors are therefore unable to determine a reliable estimate of the financial impact of COVID-19 on the company and group's profitability, liquidity and financial position in the future. However, the directors are pleased to report that they have continued to receive strong support from their lenders throughout the crisis and they believe that the company and group are as well placed as they can be to withstand the uncertainties ahead and to profit from the changes in retail requirements on the High Street and in the residential housing market as the economy recovers.

31 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	160,000	157,083

ABBEY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

32 Directors' transactions

Mr B D Foord is a partner in The Foord Partnership. During the year, the Group was charged in aggregate £30,000 (2018: £66,667) for services supplied to it by the partnership. At the year end, there was an aggregate amount due to the partnership of £46,000 (2018: £58,000).

At the year end, the Group was indebted to Mr B D Foord in the amount of £10,000 (2018: £10,000). This amount is unsecured, interest free and repayable on demand.

Mr A J C Duce has an interest in ADD Renewables No. 2 Ltd ('ADD'). At the year end, ADD was indebted to the Group in the amount of £50,000 (2018: £50,000). This amount is unsecured, interest free and repayable on demand.

Mr A J C Duce has an interest in Connections AD Limited ('CAD'). During the year, the Group was charged in aggregate £103,426 (2018: £115,759) for services supplied to it by CAD. At the end of the previous year, there was an aggregate amount due to CAD of £27,547.

At the year end, the Group was indebted to Mr A J C Duce in the aggregate amount of £1,941 (2018: £1,941).

Mr R J B Duce has an interest in Thurgarton Priory Investments Ltd ('TPI'), Thurgarton Priory Estates Limited ('TPE') and Thurgarton Priory Developments Limited ('TPD'). At the year end, TPD, TPE and TPI were indebted to the Group in the aggregate amount of £252,411 (2018: £252,411). This amount is unsecured, interest free and repayable on demand.

Mr R J B Duce has an interest in Strategic Resources Limited ('SRL'). At the year end, SRL was indebted to the Group in the aggregate amount of £313,729 (2018: £302,678). This amount is unsecured, interest free and repayable on demand.

Dividends totalling £114,458 (2018: £152,611) were paid to SRL during the year.

One of the subsidiaries has a loan of £1,983,017 with Libraco Finance Limited ('LFL'). On 30 September 2019, the full share capital of LFL was acquired by SRL. No interest has been charged on this loan during the year.

Mr R J B Duce has an interest in Architectural Design & Systems Limited ('ADS'). During the year, the Group was charged in aggregate £42,000 (2018: £42,000) for services supplied to it by ADS.

Mr R J B Duce has an interest in Abbey Power Generation Limited ('APG'). At the year end, APG was indebted to the Group in the aggregate amount of £1,501,279 (2018: £1,579,958). This amount is unsecured and repayable on demand. During the year, there was interest charged to APG of £60,416 (2018: £64,550).

At the year end, Mr R J B Duce was indebted to the Group in the aggregate amount of £5,632 (2018: £5,632). This amount is unsecured and repayable on demand.

Mr R J B Duce and Mr B D Foord and their families have an interest in Tatonic Limited ('Tatonic'). At the year end, the Group was indebted to Tatonic in the amount of £426,828 (2018: £357,206). This amount is unsecured, interest free and repayable on demand. Dividends totalling £57,804 (2018: £63,670) were paid to Tatonic during the year and dividends of £58,259 (2018: £57,804) were declared as payable. Interest of £14,240 (2018: £11,385) was payable to Tatonic during the year.

ABBAY COMMERCIAL INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

32 Directors' transactions

(Continued)

Dividends totalling £114,458 (2018: £153,530) were paid to Mr J D Foord, Mrs P F Foord (the wife of Mr B D Foord) and their family Trusts during the year.

33 Cash generated from group operations

	2019	2018
	£	£
(Loss)/profit for the year after tax	(15,589)	4,225,984
Adjustments for:		
Taxation charged	160,946	757,261
Finance costs	2,629,120	4,582,527
Investment income	(121,776)	(65,909)
Amortisation and impairment of intangible assets	200,000	(899,067)
Depreciation and impairment of property, plant and equipment	676,089	676,814
Other gains and losses	(287,717)	(637,173)
Profit on disposal of operations	-	(3,217,996)
Movements in working capital:		
(Increase)/decrease in inventories	(2,753,309)	4,879,691
(Increase)/decrease in trade and other receivables	(1,123,975)	78,875
Increase/(decrease) in trade and other payables	1,946,332	(2,974,799)
Cash generated from operations	1,310,121	7,406,208

34 Financial instruments

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	4,109,332	3,727,149	46,511,051	44,798,847
Equity instruments measured at cost less impairment	310,934	310,934	310,934	310,934
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	2,066,244	1,996,267	1,538,052	1,362,437
Measured at amortised cost	58,889,410	52,875,197	27,620,632	24,093,563

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.