

Registered number: 01788744

Harry Levy Amusement Contractor Limited

**Annual Report
and Financial Statements**

for the year ended 30 April 2016



Harry Levy Amusement Contractor Limited

Company Information

Directors	H J Levy R Povey P J Martin D L Harding (appointed 1 July 2015) M Deith (appointed 1 July 2015)
Company secretary	Mrs P J Martin
Registered number	01788744
Registered office	Unit 6 Patricia Way Pysons Road Industrial Estate Broadstairs Kent CT10 2LF
Independent auditor	CLB Coopers Laurel House 173 Chorley New Road Bolton BL1 4QZ

Harry Levy Amusement Contractor Limited

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Harry Levy Amusement Contractor Limited

Group strategic report for the year ended 30 April 2016

Introduction

The directors present their strategic report for the year ended 30 April 2016.

The principal activities of the group are the manufacture and distribution of amusement and gaming machines and the operation of arcades.

Business review

On 16 June 2015, the company acquired the issued share capital of Crown Leisure Limited, a distributor of amusement and gaming machines and operator of arcades. The financial statements include the trading results of Crown Leisure Limited from that date.

The acquisition of Crown Leisure Limited contributed £12.8m of turnover and £822,000 of operating profit in the period post acquisition.

Machines sales increased significantly across the group, with sales of pushers and redemption games driving the growth. Export sales grew by 41.6%.

The purchase of Crown Leisure Limited included seven arcades located in the North West of England. The arcades division traded ahead of both budget and like-for-like prior year trading. Group turnover was boosted further by the addition of three new sites in February 2016, with further expansion planned in 2016/17.

The UK market for sales of coin operated gaming and amusement machines remains highly competitive and challenging. The group will continue to focus efforts on building market share and maintaining strong margins via the appropriate product selection and stock management.

Principal risks and uncertainties

The principal risks and uncertainties associated with the business are the general economy, changes in disposable income and the weather during key trading periods.

Financial key performance indicators

The directors monitor the performance of the group against an annual budget and refer to key performance indicators to ensure they are within acceptable parameter. These include:

- gross margins
- staffing ratios
- cash generated from operating activities
- capital expenditure

This report was approved by the board on 13 January 2017 and signed on its behalf.


H J Levy
Director

Harry Levy Amusement Contractor Limited

Directors' report for the year ended 30 April 2016

The directors present their report and the financial statements for the year ended 30 April 2016.

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

Results and dividends

The profit for the year, after taxation, amounted to £1,944,760 (2015: £1,260,967).

Directors

The directors who served during the year were:

H J Levy
R Povey
P J Martin
D L Harding (appointed 1 July 2015)
M Deith (appointed 1 July 2015)

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Harry Levy Amusement Contractor Limited

Directors' report (continued) for the year ended 30 April 2016

Post balance sheet events

On 8 July 2016, the company's share capital was acquired in full by The Harry Levy Group Limited, a related party of Harry Levy Amusement Contractor Limited. Following the transaction, the company's investment in Crown Leisure Limited and the freehold and investment property portfolios were hived up to The Harry Levy Group Limited.

On 31 July 2016, the company acquired the trade and assets of Harry Levy Amusements, a partnership and a related party of Harry Levy Amusement Contractor Limited.

On 9 August 2016, the company repaid its bank loan in full.

On 1 December 2016 the company entered into a financing agreement receiving a loan of £500,000.

Auditor

The auditor, CLB Coopers, has resigned and been replaced by CLB Coopers Audit Services, who will be reappointed in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 13 January 2017 and signed on its behalf.


H J Levy
Director

Unit 6 Patricia Way
Pysons Road Industrial Estate
Broadstairs
Kent
CT10 2LF

Harry Levy Amusement Contractor Limited

Independent auditor's report to the shareholders of Harry Levy Amusement Contractor Limited

We have audited the financial statements of Harry Levy Amusement Contractor Limited for the year ended 30 April 2016, set out on pages 6 to 40. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's shareholders 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 shareholders 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 shareholders for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the group strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements.

Harry Levy Amusement Contractor Limited

**Independent auditor's report to the shareholders of Harry Levy Amusement Contractor Limited
(continued)**

Matters on which we are required to report by exception

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

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

CLB Coopers Audit Services

Mark Worsley (senior statutory auditor)

for and on behalf of

CLB Coopers Audit Services

Statutory Auditors and Chartered Accountants

Laurel House
173 Chorley New Road
Bolton
BL1 4QZ

13 January 2017

Harry Levy Amusement Contractor Limited

**Consolidated statement of comprehensive income
for the year ended 30 April 2016**

	Note	2016 £	2015 £
Turnover	4	22,278,273	7,514,670
Cost of sales		(16,786,507)	(5,780,254)
Gross profit		5,491,766	1,734,416
Distribution costs		(454,847)	(352,444)
Administrative expenses		(3,289,761)	(89,178)
Other operating income	5	179,007	175,651
Operating profit	6	1,926,165	1,468,445
Interest receivable and similar income		48,780	1,793
Profit before taxation		1,974,945	1,470,238
Tax on profit	9	(30,185)	(209,271)
Profit for the year		1,944,760	1,260,967

The notes on pages 14 to 40 form part of these financial statements.

Harry Levy Amusement Contractor Limited
Registered number:01788744

Consolidated balance sheet
as at 30 April 2016

	Note	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Intangible assets	10		405,579		-
Tangible assets	11		3,125,999		560,004
Investment property	13		3,005,000		3,005,000
			<u>6,536,578</u>		<u>3,565,004</u>
Current assets					
Stocks	14	3,085,139		1,099,049	
Debtors: amounts falling due within one year	15	10,471,242		5,574,636	
Cash at bank and in hand	16	1,853,915		574,276	
		<u>15,410,296</u>		<u>7,247,961</u>	
Creditors: amounts falling due within one year	17	(9,850,260)		(1,759,670)	
Net current assets			<u>5,560,036</u>		<u>5,488,291</u>
Total assets less current liabilities			<u>12,096,614</u>		<u>9,053,295</u>
Creditors: amounts falling due after more than one year	19		(1,098,559)		-
Net assets			<u><u>10,998,055</u></u>		<u><u>9,053,295</u></u>
Capital and reserves					
Called up share capital	23		1,275,000		1,275,000
Revaluation reserve	24		368,972		368,972
Profit and loss account	24		9,354,083		7,409,323
			<u><u>10,998,055</u></u>		<u><u>9,053,295</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 January 2017.



H J Levy
Director

The notes on pages 14 to 40 form part of these financial statements.

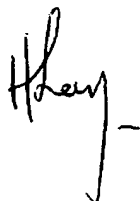
Harry Levy Amusement Contractor Limited
Registered number:01788744

Company balance sheet
as at 30 April 2016

	Note	2016 £	2016 £	2015 £
Fixed assets				
Intangible assets	10	162,399		-
Tangible assets	11	1,277,974		560,004
Investments	12	2,509,396		-
Investment property	13	3,005,000		3,005,000
		<u>6,954,769</u>		<u>3,565,004</u>
Current assets				
Stocks	14	1,230,856	1,099,049	
Debtors: amounts falling due within one year	15	5,322,748	5,574,636	
Bank and cash balances		477,797	574,276	
		<u>7,031,401</u>	<u>7,247,961</u>	
Creditors: amounts falling due within one year	17	(2,935,457)	(1,759,670)	
Net current assets		<u>4,095,944</u>		<u>5,488,291</u>
Total assets less current liabilities		<u>11,050,713</u>		<u>9,053,295</u>
Creditors: amounts falling due after more than one year	19	(1,098,559)		-
Provisions for liabilities				
Deferred taxation	22	(47,404)		-
Net assets		<u>9,904,750</u>		<u>9,053,295</u>
Capital and reserves				
Called up share capital	23	1,275,000		1,275,000
Revaluation reserve	24	368,972		368,972
Profit and loss account	24	8,260,778		7,409,323
		<u>9,904,750</u>		<u>9,053,295</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 January 2017.

H J Levy
Director



Harry Levy Amusement Contractor Limited

**Consolidated statement of changes in equity
for the year ended 30 April 2016**

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£
At 1 May 2015	1,275,000	368,972	7,409,323	9,053,295	9,053,295
Comprehensive income for the year					
Profit for the year	-	-	1,944,760	1,944,760	1,944,760
Total comprehensive income for the year	-	-	1,944,760	1,944,760	1,944,760
At 30 April 2016	<u>1,275,000</u>	<u>368,972</u>	<u>9,354,083</u>	<u>10,998,055</u>	<u>10,998,055</u>

Harry Levy Amusement Contractor Limited

Consolidated statement of changes in equity
for the year ended 30 April 2015

	Called up share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company	Total equity
	£	£	£	£	£
At 1 May 2014	1,275,000	-	6,148,356	7,423,356	7,423,356
Comprehensive income for the year					
Profit for the year	-	-	1,260,967	1,260,967	1,260,967
Surplus on revaluation of freehold/investment property	-	368,972	-	368,972	368,972
Other comprehensive income for the year	-	368,972	-	368,972	368,972
Total comprehensive income for the year	-	368,972	1,260,967	1,629,939	1,629,939
At 30 April 2015	1,275,000	368,972	7,409,323	9,053,295	9,053,295

The notes on pages 14 to 40 form part of these financial statements.

Harry Levy Amusement Contractor Limited

**Company statement of changes in equity
for the year ended 30 April 2016**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 May 2015	1,275,000	368,972	7,409,323	9,053,295
Comprehensive income for the year				
Profit for the year	-	-	851,455	851,455
Total comprehensive income for the year	-	-	851,455	851,455
At 30 April 2016	1,275,000	368,972	8,260,778	9,904,750

Harry Levy Amusement Contractor Limited

**Company statement of changes in equity
for the year ended 30 April 2015**

	Called up share capital	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 May 2014	1,275,000	-	6,148,356	7,423,356
Comprehensive income for the year				
Profit for the year	-	-	1,260,967	1,260,967
Surplus on revaluation of freehold/investment property	-	368,972	-	368,972
Other comprehensive income for the year	-	368,972	-	368,972
Total comprehensive income for the year	-	368,972	1,260,967	1,629,939
At 30 April 2015	1,275,000	368,972	7,409,323	9,053,295

The notes on pages 14 to 40 form part of these financial statements.

Harry Levy Amusement Contractor Limited

**Consolidated statement of cash flows
for the year ended 30 April 2016**

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	1,944,760	1,260,967
Adjustments for:		
Amortisation of intangible assets	30,986	-
Depreciation of tangible assets	586,623	41,212
(Profit) on disposal of tangible assets	(357)	-
Interest received	(48,780)	(1,793)
Taxation	30,185	209,271
(Increase)/decrease in stocks	(547,552)	223,855
Decrease/(increase) in debtors	327	(1,292,790)
Increase in creditors	2,394,984	164,627
FRS 102 transition adjustment	-	(575,637)
Corporation tax paid	(185,215)	(53,962)
Net cash generated from operating activities	4,205,961	(24,250)
Cash flows from investing activities		
Purchase of intangible assets	(217,999)	-
Purchase of tangible assets	(2,210,962)	(37,723)
Sale of tangible assets	111,701	-
Purchase of investment properties	-	(19,830)
Interest received	48,780	1,793
Purchase of subsidiary undertaking	(2,509,396)	-
Net cash acquired with subsidiary	389,813	-
Net cash from investing activities	(4,388,063)	(55,760)
Cash flows from financing activities		
New secured loans	1,250,000	-
Repayment of loans	(50,401)	-
Net cash used in financing activities	1,199,599	-
Cash and cash equivalents at beginning of year	482,867	562,877
Cash and cash equivalents at the end of year	1,500,364	482,867
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,853,915	574,276
Bank overdrafts	(353,551)	(91,409)
	1,500,364	482,867

**Notes to the financial statements
for the year ended 30 April 2016**

1. Company information

The company is incorporated and registered in England and Wales. The registered office is Unit 6 Patricia Way, Pysons Road Industrial Estate, Broadstairs, Kent, CT10 2LF.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold property and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

This is the first period in which the financial statements have been prepared under FRS 102. Information on the impact of first-time adoption of FRS 102 is given in note 30.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgment in applying the company's accounting policies (see note 3).

The company has taken advantage of the exemption in section 408 of the Companies Act 2006 from disclosing its individual profit and loss account. The profit for the company for the year was £851,455 (2015: £685,330).

2.2 Basis of consolidation

The consolidated financial statements present the results of the group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained and up to the date control ceases.

The prior year comparatives in the consolidated statement of comprehensive income and in the consolidated balance sheet relate to the parent company balances.

2.3 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the group has transferred the significant risks and rewards of ownership to the buyer;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

Goodwill on business combinations

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life.

Goodwill on acquisition of assets

Goodwill represents the difference between amounts paid on the cost of acquiring the assets and the assets fair value. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the consolidated statement of comprehensive income over its useful economic life.

2.6 Tangible assets

Tangible assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**Notes to the financial statements
for the year ended 30 April 2016**

2. Accounting policies (continued)

2.6 Tangible assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant, equipment, fixtures and fittings	- 2 to 8 years straight line
Motor vehicles	- 4 years straight line
Amusement machines	- 2 to 8 years straight line
Computer equipment	- 4 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated statement of comprehensive income.

The company does not charge depreciation on its freehold property on the basis that the residual value of this property is so high that any annual depreciation charge would be immaterial.

2.7 Revaluation of tangible assets

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the consolidated statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.8 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the consolidated statement of comprehensive income.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2. Accounting policies (continued)

2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.11 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2. Accounting policies (continued)

2.13 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an 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.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling rates of exchange ruling at the balance sheet date.

Exchange gains and losses are recognised in the consolidated profit and loss account.

2.16 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. Accounting policies (continued)

2.17 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term.

2.18 Pensions

Defined contribution pension plan

The group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payment obligations.

The contributions are recognised as an expense in the consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in either the statement of comprehensive income, other comprehensive income or equity depending on the transaction that resulted in the tax charge or credit.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company and the group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Accounting policies (continued)

2.21 Related party transactions

The group discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The items in the financial statements where these judgements and estimates have been made include:

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic life and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical conditions of the assets. See Note 11 for the carrying amount of tangible assets and Note 2.6 for the estimate useful economic lives of each class of asset.

Provisions for doubtful debts

The directors have reviewed the trading balances owing to the company from its customers and made adequate provisions for any debts where it is considered probable that the amount will not be recovered. The amounts would have otherwise been recognised in trade debtors.

Stock provisions

The company sells stock that is subject to changing consumer demands. As a result it is necessary to consider the recoverability of the cost of stock and the associated provision required. When calculating the stock provision, management considers the condition of the stock, as well as applying assumptions around anticipated saleability of stock held.

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Sale of goods	22,278,273	7,514,670
	<u>22,278,273</u>	<u>7,514,670</u>

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	20,313,416	6,480,647
Rest of Europe	660,355	295,969
Rest of the world	1,304,502	738,054
	<u>22,278,273</u>	<u>7,514,670</u>

5. Other operating income

	2016 £	2015 £
Net rents receivable	179,007	175,651
	<u>179,007</u>	<u>175,651</u>

6. Operating profit

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

	2016 £	2015 £
Depreciation of tangible assets	586,623	41,212
Amortisation of intangible assets, including goodwill	30,986	-
Fees payable to the group's auditor and its associates for the audit of the company's annual financial statements	16,000	4,750
Exchange differences	(95,124)	-
(Profit) on disposal of fixed assets	(357)	-
Operating lease rentals	326,430	-
Defined contribution pension cost	190,115	126,293
	<u>190,115</u>	<u>126,293</u>

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	3,054,164	1,012,518
Social security costs	252,570	75,774
Cost of defined contribution scheme	190,115	126,293
	<u>3,496,849</u>	<u>1,214,585</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Directors	5	3
Staff	132	45
	<u>137</u>	<u>48</u>

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	436,976	199,191
	<u>436,976</u>	<u>199,191</u>

During the year retirement benefits were accruing to 2 directors (2015: NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £132,050 (2015: £80,896).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,759 (2015: £nil).

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

9. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	303,176	208,327
Total current tax	<u>303,176</u>	<u>208,327</u>
Deferred tax		
Origination and reversal of timing differences	(272,991)	944
Total deferred tax	<u>(272,991)</u>	<u>944</u>
Taxation on profit on ordinary activities	<u>30,185</u>	<u>209,271</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 20%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>1,974,945</u>	<u>1,470,238</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20%)	394,989	294,048
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	20,653	820
Capital allowances for year in excess of depreciation	-	(1,327)
Adjustments to tax charge in respect of prior periods	33,600	30,858
Deferred tax asset recognised	(342,971)	-
Adjustment for FRS 102 restatement	(76,086)	(115,128)
Total tax charge for the year	<u>30,185</u>	<u>209,271</u>

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

10. Intangible assets

Goodwill is being amortised as follows:

- goodwill arising on the acquisition of Crown Leisure Limited is being amortised evenly over the directors estimate of its useful life of 10 years. The remaining amortisation period is 9 years 2 months.
- goodwill arising on the purchase of the trade and assets at two arcade sites during the year is being amortised evenly over the directors estimate of its useful life of 5 years. The remaining amortisation period is 4 years 10 months.

Group

	Goodwill £
Cost	
Additions	436,565
At 30 April 2016	<u>436,565</u>
Amortisation	
Charge for the year	30,986
At 30 April 2016	<u>30,986</u>
Net book value	
At 30 April 2016	<u>405,579</u>
At 30 April 2015	<u>-</u>

Harry Levy Amusement Contractor Limited

**Notes to the financial statements
for the year ended 30 April 2016**

10. Intangible assets (continued)

Company

	Goodwill £
Cost	
Additions	167,999
At 30 April 2016	<u>167,999</u>
Amortisation	
Charge for the year	5,600
At 30 April 2016	<u>5,600</u>
Net book value	
At 30 April 2016	<u><u>162,399</u></u>
At 30 April 2015	<u><u>-</u></u>

Harry Levy Amusement Contractor Limited

Notes to the financial statements
for the year ended 30 April 2016

11. Tangible assets

Group

	Freehold property £	Plant, equipment, fixtures and fittings £	Motor vehicles £	Amusement machines £	Computer equipment £	Total £
Cost or valuation						
At 1 May 2015	560,000	201,133	24,537	-	144,756	930,426
Additions	-	176,912	-	1,994,999	39,052	2,210,963
Acquisition of subsidiary	-	212,535	19,592	5,082,416	316,909	5,631,452
Disposals	-	(201,132)	-	(1,010,252)	(144,755)	(1,356,139)
At 30 April 2016	560,000	389,448	44,129	6,067,163	355,962	7,416,702
Depreciation						
At 1 May 2015	-	201,132	24,535	-	144,755	370,422
Charge for period on owned assets	-	44,153	3,842	522,743	15,885	586,623
Acquisition of subsidiary	-	163,955	12,332	4,102,184	299,981	4,578,452
Disposals	-	(201,132)	-	(898,907)	(144,755)	(1,244,794)
At 30 April 2016	-	208,108	40,709	3,726,020	315,866	4,290,703
Net book value						
At 30 April 2016	560,000	181,340	3,420	2,341,143	40,096	3,125,999
At 30 April 2015	560,000	1	2	-	1	560,004

Details of the net book value of freehold property under the historical cost convention has been noted under the company section of this note.

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

11. Tangible assets (continued)

Company

	Freehold property £	Plant, equipment, fixtures and fittings £	Motor vehicles £	Amusement machines £	Computer equipment £	Total £
Cost or valuation						
At 1 May 2015	560,000	201,133	24,537	-	144,756	930,426
Additions	-	113,593	-	706,568	16,480	836,641
Disposals	-	(201,132)	-	(47,640)	(144,755)	(393,527)
At 30 April 2016	560,000	113,594	24,537	658,928	16,481	1,373,540
Depreciation						
At 1 May 2015	-	201,132	24,535	-	144,755	370,422
Charge for period on owned assets	-	28,398	-	38,513	4,120	71,031
Disposals	-	(201,132)	-	-	(144,755)	(345,887)
At 30 April 2016	-	28,398	24,535	38,513	4,120	95,566
At 30 April 2016	560,000	85,196	2	620,415	12,361	1,277,974
At 30 April 2015	560,000	1	2	-	1	560,004

If the freehold property had not been included at valuation they would have been included under the historical cost convention as follows:

	2016 £	2015 £
Company		
Cost	402,252	402,252
Accumulated depreciation	(219,269)	(211,224)
Net book value	182,983	191,028

The freehold property was valued on a fair value basis on 19 February 2015 by Porters Limited, Chartered Surveyors.

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

12. Investments

Subsidiary undertakings

The following are subsidiary undertakings of the company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
Crown Leisure Limited	UK	Ordinary	100 %	Distribution of amusement and gaming machines
Deith Leisure Limited	UK	Ordinary	100 %	Dormant

Company

	Shares in group undertakings £
Additions	2,509,396
At 30 April 2016	2,509,396
At 30 April 2016	2,509,396
At 30 April 2015	-

Further information regarding the acquisition of subsidiary undertakings during the year is included in note 25.

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

13. Investment property

Group and Company

	Freehold investment property £
Valuation	
At 1 May 2015	3,005,000
At 30 April 2016	3,005,000
Comprising	
Cost	2,429,363
Annual revaluation surplus: 2015	575,637
At 30 April 2016	3,005,000

The 2015 valuations were made by Porters Limited, Chartered Surveyors, on a fair value for existing use basis.

14. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	888,818	603,473	688,495	603,473
Work in progress	189,194	221,262	189,194	221,262
Finished goods and goods for resale	2,007,127	274,314	353,167	274,314
	3,085,139	1,099,049	1,230,856	1,099,049

Stock recognised in cost of sales during the year as an expense was £13,893,942 (2015: £5,064,377).

Harry Levy Amusement Contractor Limited

**Notes to the financial statements
for the year ended 30 April 2016**

15. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	9,506,107	5,146,893	4,921,977	5,146,893
Other debtors	280,920	337,393	271,708	337,393
Prepayments and accrued income	401,834	80,960	129,063	80,960
Deferred taxation	282,381	9,390	-	9,390
	10,471,242	5,574,636	5,322,748	5,574,636

16. Cash and cash equivalents

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Cash at bank and in hand	1,853,915	574,276	477,797	574,276
Less: bank overdrafts	(353,551)	(91,409)	(353,551)	(91,409)
	1,500,364	482,867	124,246	482,867

17. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank overdrafts	353,551	91,409	353,551	91,409
Bank loans	101,040	-	101,040	-
Trade creditors	6,745,100	1,066,797	1,832,709	1,066,797
Corporation tax	251,016	185,215	213,093	185,215
Taxation and social security	708,275	280,832	192,635	280,832
Other creditors	142,776	-	126,488	-
Accruals and deferred income	1,548,502	135,417	115,941	135,417
	9,850,260	1,759,670	2,935,457	1,759,670

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

18. Secured creditors falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank overdrafts	353,551	91,409	353,551	91,409
Bank loans	101,040	-	101,040	-
	<u>454,591</u>	<u>91,409</u>	<u>454,591</u>	<u>91,409</u>

The bank overdraft is secured by way of a cross guarantee between the group companies and also by way of charge over the properties held by the group.

The bank loan is secured by way of a charge over the properties held by the group.

19. Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	1,098,559	-	1,098,559	-
	<u>1,098,559</u>	<u>-</u>	<u>1,098,559</u>	<u>-</u>

Up until 9 August 2016 the bank loan was being repaid by way of monthly instalments of £8,420 with variable rate interest being charged of 2.15% plus base rate. On 9 August 2016 the bank loan was repaid in full.

20. Secured creditors falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank loans	1,098,559	-	1,098,559	-
	<u>1,098,559</u>	<u>-</u>	<u>1,098,559</u>	<u>-</u>

Harry Levy Amusement Contractor Limited

Notes to the financial statements
for the year ended 30 April 2016

21. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Trade debtors	9,506,107	5,146,893	4,921,977	5,146,893
Other debtors	280,920	337,393	271,708	337,393
	<u>9,787,027</u>	<u>5,484,286</u>	<u>5,193,685</u>	<u>5,484,286</u>
	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial liabilities				
Bank overdrafts	(353,551)	(91,409)	(353,551)	(91,409)
Bank loans	(1,199,599)	-	(1,199,599)	-
Trade creditors	(6,745,100)	(1,066,797)	(1,832,709)	(1,066,797)
Other creditors	(142,776)	-	(126,488)	-
	<u>(8,441,026)</u>	<u>(1,158,206)</u>	<u>(3,512,347)</u>	<u>(1,158,206)</u>

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

22. Deferred taxation

Group

	2016 £	2015 £
At beginning of year	9,390	10,334
Credited/(charged) to the profit or loss	272,991	(944)
At end of year	282,381	9,390

Company

	2016 £	2015 £
At beginning of year	9,390	10,334
Charged to the profit or loss	(56,794)	(944)
At end of year	(47,404)	9,390

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Accelerated capital allowances	282,381	9,390	(47,404)	9,390
	282,381	9,390	(47,404)	9,390

23. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1,275,000 Ordinary shares of £1 each	1,275,000	1,275,000

The £1 ordinary shares have full voting rights as regards dividends, distributions and the issue of share capital.

Notes to the financial statements
for the year ended 30 April 2016

24. Reserves

Revaluation reserve

The revaluation reserve relates to freehold property in the group which have been revalued in prior years.

Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

The profit and loss account is split between distributable and non-distributable reserves as follows:

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Distributable	8,778,446	6,833,686	7,685,141	6,833,686
Non-distributable	575,637	575,637	575,637	575,637
	<u>9,354,083</u>	<u>7,409,323</u>	<u>8,260,778</u>	<u>7,409,323</u>

The non-distributable reserves relate to the gain on the revaluation of the investment properties made in 2015.

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

25. Acquisition of subsidiary

On 16 June 2015 the company acquired Crown Leisure Limited and its wholly owned subsidiary, Deith Leisure Limited, for a consideration of £2,476,420. The investment in Crown Leisure Limited has been included in the company's balance sheet at its fair value at the date of acquisition.

	Book value £	Fair value adjustment £	Fair value £
Tangible assets	1,053,001	-	1,053,001
	<u>1,053,001</u>	<u>-</u>	<u>1,053,001</u>
Stocks	1,438,538	-	1,438,538
Debtors	6,855,256	-	6,855,256
Cash at bank and in hand	389,813	-	389,813
Total assets	<u>9,736,608</u>	<u>-</u>	<u>9,736,608</u>
Creditors due within one year	(7,445,778)	-	(7,445,778)
Fair value of net assets	<u>2,290,830</u>	<u>-</u>	<u>2,290,830</u>
Goodwill	218,566	-	218,566
Total purchase consideration	<u>2,509,396</u>	<u>-</u>	<u>2,509,396</u>
Discharged by:			
Cash	776,420	-	776,420
Bank loan	1,250,000	-	1,250,000
Directors loan	450,000	-	450,000
Subtotal	<u>2,476,420</u>	<u>-</u>	<u>2,476,420</u>
Costs associated with the acquisition	32,976	-	32,976
	<u>2,509,396</u>	<u>-</u>	<u>2,509,396</u>

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

26. Commitments under operating leases

At 30 April 2016 the group and the company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Company 2016 £
Not later than 1 year	510,000	150,000
Later than 1 year and not later than 5 years	1,540,625	600,000
Later than 5 years	2,350,000	2,350,000
	<u>4,400,625</u>	<u>3,100,000</u>

The group and the company had no commitments under non-cancellable operating leases as at 30 April 2015.

Notes to the financial statements
for the year ended 30 April 2016

27. Related party transactions

The company has taken advantage of the exemption under FRS 102 section 33.1A from disclosing intra group transactions between group companies.

The following balances existed between group companies at year end:

	Company 2016 £
Amounts included in trade debtors	2,084,340
Amounts included in trade creditors	(94,814)

The following transactions occurred with other related parties:

During the year, sales of machines totalling £117,600 (2015: £371,600) and various cost recharges of £55,240 (2015: £45,468) were made by the company to a partnership in which 3 directors were partners. The amount due to the company at the year end, and included within 'other debtors', is £51,100 (2015: £491,388).

During the year the group was charged consultancy fees of £339,313 (2015: £nil) by companies controlled by a director. A total of £240,954 of this amount was unpaid at the year end and is included within 'accruals'. The remaining £98,359 was fully paid within the year.

The following transactions occurred with the directors of the company:

H J Levy

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Closing director's loan account balance	(126,488)	-	(126,488)	-
Cash drawings	323,512	-	323,512	-
Money introduced	(450,000)	-	(450,000)	-

During the year the company received a loan of £450,000 from the director H J Levy to assist in financing the purchase of the subsidiary, Crown Leisure Limited. The amount due to H J Levy at the year end, and included within 'other creditors', is £126,488.

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

28. Post balance sheet events

On 8 July 2016, the company's share capital was acquired in full by The Harry Levy Group Limited, a related party of Harry Levy Amusement Contractor Limited. Following the transaction, the company's investment in Crown Leisure Limited and the freehold and investment property portfolios were hived up to The Harry Levy Group Limited.

On 31 July 2016, the company acquired the trade and assets of the Harry Levy Amusement Partnership, a related party of Harry Levy Amusement Contractor Limited.

On 9 August 2016, the company repaid its bank loan in full.

On 1 December 2016 the company entered into a financing agreement receiving a loan of £500,000.

29. Controlling party

The group is under the control of H J Levy, director and majority shareholding.

On 8 July 2016, following a group restructure, the entire share capital of the company was acquired by The Harry Levy Group Limited, who became the new ultimate parent company. H J Levy still remains the ultimate controlling party of the group.

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

30. First time adoption of FRS 102

The group and company transitioned to FRS 102 from previously extant UK GAAP as at 1 May 2014. The impact of the transition to FRS 102 is as follows:

Group

	As previously stated 1 May 2014 £	Effect of transition 1 May 2014 £	FRS 102 (as restated) 1 May 2014 £	As previously stated 30 April 2015 £	Effect of transition 30 April 2015 £	FRS 102 (as restated) 30 April 2015 £
Note						
Fixed assets	2,604,054	-	2,604,054	3,565,004	-	3,565,004
Current assets	6,168,571	-	6,168,571	7,247,961	-	7,247,961
Creditors: amounts falling due within one year	(1,349,269)	-	(1,349,269)	(1,759,670)	-	(1,759,670)
Net current assets	4,819,302	-	4,819,302	5,488,291	-	5,488,291
Total assets less current liabilities	7,423,356	-	7,423,356	9,053,295	-	9,053,295
Net assets	7,423,356	-	7,423,356	9,053,295	-	9,053,295
Capital and reserves	7,423,356	-	7,423,356	9,053,295	-	9,053,295

Harry Levy Amusement Contractor Limited

Notes to the financial statements for the year ended 30 April 2016

30. First time adoption of FRS 102 (continued)

	Note	As previously stated 30 April 2015 £	Effect of transition 30 April 2015 £	FRS 102 (as restated) 30 April 2015 £
Turnover		7,514,670	-	7,514,670
Cost of sales		(5,780,254)	-	(5,780,254)
		1,734,416	-	1,734,416
Distribution expenses		(352,444)	-	(352,444)
Administrative expenses		(664,815)	575,637	(89,178)
Other operating income		175,651	-	175,651
Operating profit		892,808	575,637	1,468,445
Interest receivable and similar income		1,793	-	1,793
Taxation		(209,271)	-	(209,271)
Profit on ordinary activities after taxation and for the financial year		685,330	575,637	1,260,967

Explanation of changes to previously reported profit and equity:

- 1 The prior year changes to the fair value of the company investment properties have been recognised in profit or loss as non distributable reserves. Previously reported treatment of these fair value changes was to recognise them in the company revaluation reserve.