

Company Registration No. 03364739 (England and Wales)

**SANTON CAPITAL PLC**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 30 APRIL 2014**



# SANTON CAPITAL PLC

## DIRECTORS AND ADVISERS

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<b>Directors</b>	B.S. Sandhu S. Carey
<b>Senior Management</b>	V. Donnelly H. Kelsey R. Patel
<b>Secretary</b>	S. Carey Financial & Legal Services Ltd
<b>Company number</b>	03364739
<b>Registered office</b>	Santon House 53/55 Uxbridge Road Ealing London W5 5SA
<b>Registered auditors</b>	Gerald Edelman 25 Harley Street London W1G 9BR
<b>Solicitors</b>	Linklaters LLP One Silk Street London EC2Y 8HQ  Stephoe & Johnson 99 Gresham Street London EC2V 7NG

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# SANTON CAPITAL PLC

## DIRECTORS AND ADVISERS

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### Bankers

HSBC Bank PLC  
Level 2  
8 Canada Square  
Canary Wharf  
London  
E14 5HQ

Barclays Bank PLC  
Ashton House  
497 Silbury Boulevard  
Milton Keynes  
MK29 2LD

Julius Bar  
Barnofstrasse 36  
PO Box CH-8010  
Zurich

Investec  
2 Gresham Street  
London  
EC2V 7QP

Bank of Scotland PLC  
The Mound  
Edinburgh  
EH1 1YZ

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# **SANTON CAPITAL PLC**

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# SANTON CAPITAL PLC

## STRATEGIC REPORT

### *FOR THE YEAR ENDED 30 APRIL 2014*

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The directors present their report and financial statements for the year ended 30 April 2014.

#### **Review of the business**

The principal activity of the group during the year continued to be that of property development.

The Group's turnover increased from £67.3 million to £96.0 million. The Operating Profit increased from £9.5 million to £10.2 million. Profit before Tax increased from £1.01 million to £1.05 million. The directors consider, the result for the year to be satisfactory.

As at 30 April 2014 stock of property, principally commercial, decreased from £498.2 million to £440.0 million. The Group's total assets decreased marginally from £542.0 million to £475.4 million.

During the year the group acquired a 2004 purpose built office in Quorum Business Park, Newcastle upon Tyne. Fully let to Fabricom Offshore Services Ltd, a subsidiary of one of the world's most foremost global energy group GDF SUEZ.

The group has made significant advances on the 15 acre Lewes development site which is being undertaken in joint venture with financial support from MAS Real Estate Inc; a South African backed listed property fund. Although we had expected to submit planning during this financial year, it seems new challenges arise as they would with any development, especially one such as complex as this. The Santon Group has been very proactive with regards to the workshops and community gatherings held to allow the local community to express their opinions, we continue with the belief that the regeneration project will be enriching to the community. That being said we are positive submission for planning will be achieve during the current financial year in the hope of receiving planning in the following year.

The group has substantially developed The Highland Club, the Grade A, Fort Augustus Abbey, Loch Ness into 109 luxury residential units. Three units remain to be developed with planning submitted for a further 8 cottages. As we have said before, this has been a true labour of love for the group and it is a significant achievement for Santon that it chose to devote the necessary time and financial resources to enable the project to be completed in the most hostile of economic environments. Since we purchased the project in 2003, we have encountered every imaginable development and construction difficulty during the conversion. Nevertheless, despite all these difficulties, we managed to successfully complete the project so that the listed buildings will now be preserved into perpetuity.

The Highland Club has played an important role in regenerating the area and, as the units are largely used as holiday lets, will continue to provide a material boost to the economic growth in this area for years to come.

Following the uncertainty created by the recent Scottish elections the Santon Group can now concentrate on marketing the remaining properties for sale.

We are proud that the development has amassed a clutch of awards which reflect on the work we have put in and are continuing to put in.

#### **AWARDS 2013**

The Green Apple Environment Gold Award 2013 -Winner, Built Environment Rural

RICS Award 2013 - Winner, Tourism and Leisure

RICS Award 2013 - Winner (Highly commended), Building Conservation

The International Green Apple Silver Award 2013 -Winner, Built Environment: Tourist Attraction

The International Green Apple Bronze Award 2013 -Winner, Built Environment: Regeneration

The Ideal Home Blue Ribbon Awards 2013 - Finalist, Conversion/Refurbishment of the Year

The Regeneration & Renewal Awards 2013 - Winner, Regeneration of a Rural Community

# SANTON CAPITAL PLC

## STRATEGIC REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2014**

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### AWARDS 2012

Scottish Homes Awards 2012- Winner, The Conversion of the Year

Scottish Homes Awards 2012 - Finalist, Rural Development of the Year

International Property Awards 2012- Winner, Development of Multiple Units with the Highland Club Project for Highlands, UK

Herald Property Awards 2012- Commendation, Best Renovation of the Year

Herald Property Awards 2012- Finalist (one of four), Best Development of the Year

Regeneration & Renewals Awards 2012- Short listed, Regeneration in a Rural Community

IAA West Highlands Awards 2012- Winner, New Uses for Old Buildings

### Prospects

Our sentiments generally remain the same as last year. Prospects for the residential market, at least in London and the South East of England, have changed significantly largely thanks to government initiatives such as the Help to Buy scheme. Our own view is that in itself throwing cheap credit at the housing sector is more likely to increase the cost to home buyers (whilst such a facility remains available) rather than lead to a substantial increase in the construction of new houses over and above what would have happened at this point in the cycle anyway. It is the supply side that should be of primary concern, not the demand for housing, and if the government wants to get the supply side moving they are going to have to do something to tackle the chronic problems in the highly politicised planning system. The government cannot have both a 'localism' agenda which is leading to increasing delays in the planning process and an increase in the pace of construction of potential development land that it is seeking. Lewes is a good example. It will probably take us three years and millions in fees and expense to get planning from the point of purchase, and that is on top of the previous developer having taken several years prior without any success and having lost over £10m and gone bust for the joy. Help! There are however now indicators that the market is cooling at least in the short term.

The commercial market is also beginning to become more energised as people recognize the relative cheapness of the secondary market compared to prime London, hence our Newcastle purchase. However, banking still remains difficult although there is certainly more competition than a year ago and although Loan to Value's remain low and will continue to remain low for some time to come. The most notable development over the last 2 years has been the development of Alternative Funding sources, which we welcome, although the Group has yet to use any such sources.

We will continue to look for opportunistic development and investment opportunities.

On behalf of the board



S. Carey

Director

23 October 2014

# **SANTON CAPITAL PLC**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 30 APRIL 2014***

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The directors present their report and financial statements for the year ended 30 April 2014.

#### **Principal activities and review of the business**

The principal activity of the group during the year continued to be that of property development.

#### **Results and dividends**

The consolidated profit and loss account for the year is set out on page 7.

No dividends have been paid on the ordinary shares of the company (2013: £Nil).

#### **Directors**

The following directors have held office since 1 May 2013:

B.S. Sandhu  
S. Carey

#### **Going concern**

Having reviewed the group's financial forecasts and expected future cash flows, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements for the year ended year ended 30 April 2014.

#### **Charitable and Political donations**

The Group does not make any political donations and has never done so.

The Group made direct charitable contributions of £14,150 during the year (2013: £18,320). The largest donation, £11,000 was paid to Magic Bus. The main charitable activities of the Group and the Sandhu family are undertaken through The Sandhu Charitable Foundation towards which the Group makes ad hoc contributions.

The Sandhu Charitable Foundation also made charitable contribution of £300,000 during its year ended 31 March 2014 (2013: £294,250).

#### **Creditor payment policy**

The Group's operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is the Group's policy that payments to suppliers are made in accordance with those terms provided that suppliers also comply with all relevant terms and conditions. At the year end date the Group's trade creditors represented an average of approximately 21 days (2013: 21 days) purchases.

#### **Auditors**

The auditors, Gerald Edelman, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

# **SANTON CAPITAL PLC**

## **DIRECTORS' REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 APRIL 2014***

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### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors 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 group's auditors are aware of that information.

On behalf of the board



S. Carey

**Director**

23 October 2014



# **SANTON CAPITAL PLC**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF SANTON CAPITAL PLC**

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We have audited the group and parent company financial statements (the "financial statements") of Santon Capital Plc for the year ended 30 April 2014 set out on pages 7 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 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 Annual 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 parent company's affairs as at 30 April 2014 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# **SANTON CAPITAL PLC**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

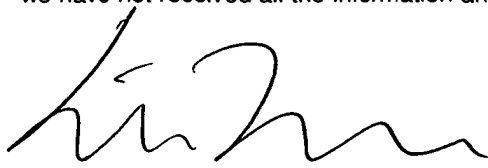
### **TO THE MEMBERS OF SANTON CAPITAL PLC**

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#### **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.



**Engin Zekia FCA (Senior Statutory Auditor)**  
**for and on behalf of Gerald Edelman**

23 October 2014

**Chartered Accountants**  
**Statutory Auditor**

25 Harley Street  
London  
W1G 9BR

# SANTON CAPITAL PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2014

	Notes	2014 £	2013 £
<b>Turnover</b>	<b>2</b>	95,987,104	67,276,837
Cost of sales		(81,947,133)	(53,990,722)
<b>Gross profit</b>		14,039,971	13,286,115
Administrative expenses		(3,764,956)	(3,747,218)
<b>Operating profit</b>	<b>3</b>	10,275,015	9,538,897
Profit on disposal of fixed asset investment		15,213	13,917
Exceptional items	<b>9</b>	(819,651)	-
<b>Profit on ordinary activities before interest</b>		9,470,577	9,552,814
Investment income	<b>4</b>	370,207	176,344
Other interest receivable and similar income		234,840	355,415
Amounts (released)/written off investments	<b>5</b>	-	74,159
Interest payable and similar charges	<b>6</b>	(9,028,287)	(9,150,365)
<b>Profit on ordinary activities before taxation</b>		1,047,337	1,008,367
Tax on profit on ordinary activities	<b>7</b>	(105,603)	(174,278)
<b>Profit on ordinary activities after taxation</b>		941,734	834,089

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# SANTON CAPITAL PLC

## CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

**FOR THE YEAR ENDED 30 APRIL 2014**

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	2014 £	2013 £
<b>Profit for the financial year</b>	941,734	834,089
Unrealised (deficit)/surplus on revaluation	(324,230)	1,126,733
<b>Total recognised gains and losses relating to the year</b>	<u>617,504</u>	<u>1,960,822</u>

# SANTON CAPITAL PLC

## BALANCE SHEETS

AS AT 30 APRIL 2014

	Notes	Group 2014 £	2013 £	Company 2014 £	2013 £
<b>Fixed assets</b>					
Intangible assets	10	-	128,849	-	-
Tangible assets	11 & 12	9,358,977	5,932,428	-	-
Investments	13	4,677,577	6,238,343	5,878,936	5,657,467
		<u>14,036,554</u>	<u>12,299,620</u>	<u>5,878,936</u>	<u>5,657,467</u>
<b>Current assets</b>					
Stocks	14	439,945,275	498,237,219	-	-
Debtors	15	3,975,422	11,496,711	10,630,595	6,019,809
Cash at bank and in hand		17,463,353	20,005,998	71,024	2,109,561
		<u>461,384,050</u>	<u>529,739,928</u>	<u>10,701,619</u>	<u>8,129,370</u>
<b>TOTAL ASSETS</b>		<u>475,420,604</u>	<u>542,039,548</u>	<u>16,580,555</u>	<u>13,786,837</u>
<b>Capital and reserves</b>					
Called up share capital	16	124,002	124,002	124,002	124,002
Merger reserve	17	195,053	195,053	-	-
Revaluation reserve	17	1,778,280	2,170,119	276,657	668,496
Other reserves	17	499,684	499,684	92,000	92,000
Profit and loss account	17	2,126,969	1,117,626	9,677,478	7,267,215
<b>Shareholders' funds</b>	18	<u>4,723,988</u>	<u>4,106,484</u>	<u>10,170,137</u>	<u>8,151,713</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>58,163,643</u>	<u>74,704,597</u>	<u>6,410,418</u>	<u>5,635,124</u>
<b>Creditors: amounts falling due after more than one year</b>	20	<u>412,532,973</u>	<u>463,228,467</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES, CAPITAL AND RESERVES</b>		<u>475,420,604</u>	<u>542,039,548</u>	<u>16,580,555</u>	<u>13,786,837</u>

Approved by the Board and authorised for issue on 23 October 2014



S. Carey  
Director

Company Registration No. 03364739

# SANTON CAPITAL PLC

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 APRIL 2014

	2014	2013
	£	£
<b>Net cash inflow from operating activities</b>	67,672,308	14,340,943
<b>Returns on investments and servicing of finance</b>		
Interest received	234,840	355,415
Interest paid	(9,028,287)	(8,975,184)
Dividends received	370,207	176,344
<b>Net cash outflow for returns on investments and servicing of finance</b>	(8,423,240)	(8,443,425)
<b>Taxation</b>	(142,396)	(99,129)
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible assets	(3,458,090)	(3,758,379)
Payments to acquire investments	(869,506)	(513,783)
Receipts from sales of tangible assets	(2,524)	-
Receipts from sales of investments	339,021	129,984
<b>Net cash outflow for capital expenditure</b>	(3,991,099)	(4,142,178)
<b>Net cash inflow before management of liquid resources and financing</b>	55,115,573	1,656,211
<b>Financing</b>		
Bank and other loans	(57,658,218)	(17,182,526)
<b>Net cash outflow from financing</b>	(57,658,218)	(17,182,526)
<b>Decrease in cash in the year</b>	(2,542,645)	(15,526,315)

# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2014

1	Reconciliation of operating profit to net cash inflow from operating activities	2014	2013
		£	£
	Operating profit	10,275,015	9,538,897
	Depreciation of tangible assets	30,095	30,064
	Amortisation of intangible assets	128,849	128,851
	Provision against investments	1,782,234	29,926
	Loss on disposal of tangible assets	3,970	-
	Exceptional write off of irrecoverable loan balance	(819,651)	-
	Decrease in stocks	58,291,944	2,770,842
	Decrease/(increase) in debtors	7,521,289	(6,877,479)
	(Decrease)/Increase in creditors within one year	(9,541,437)	8,719,842
	Net cash inflow from operating activities	67,672,308	14,340,943

2	Analysis of net debt	1 May 2013	Cash flow	Other non-cash changes	30 April 2014
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	20,005,998	(2,542,645)	-	17,463,353
	Debts falling due within one year	(46,103,463)	6,962,724	-	(39,140,739)
	Debts falling due after one year	(463,228,467)	50,695,494	-	(412,532,973)
		(509,331,930)	57,658,218	-	(451,673,712)
	Net debt	(489,325,932)	55,115,573	-	(434,210,359)

3	Reconciliation of net cash flow to movement in net debt	2014	2013
		£	£
	Decrease in cash in the year	(2,542,645)	(15,526,315)
	Cash outflow from decrease in debt	57,658,218	17,182,526
	Movement in net debt in the year	55,115,573	1,656,211
	Opening net debt	(489,325,932)	(490,982,143)
	Closing net debt	(434,210,359)	(489,325,932)

# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 APRIL 2014

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#### 1 Accounting policies

##### 1.1 Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the inclusion of certain tangible fixed assets at valuation, and in accordance with applicable UK accounting standards and the Companies Act 2006.

The financial statements have been prepared on a going concern basis.

##### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

##### 1.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and those of its subsidiary undertakings made up to 30 April 2014.

As permitted by Section 408 of the Companies Act 2006, the company has not presented its own profit and loss account. The results of the parent company are shown in note 8.

##### 1.4 Joint ventures

In the consolidated financial statements investments in joint ventures are accounted for under the gross equity method, pursuant to the requirements of FRS 9: Associates and Joint Ventures.

In the company's financial statements investment in joint ventures are stated at cost.

##### 1.5 Revenue recognition

Turnover comprises property management fees which are recognised at the date the service was provided; the sales value of property developments which are recognised upon exchange of contracts; property rents receivable which are recognised when they accrue; and development income where this can be reliably measured at the period end.

##### 1.6 Goodwill

Goodwill represents the difference between the costs of acquiring subsidiaries and the fair value of the net identifiable assets acquired. Goodwill is stated at cost less amortisation charge, which is based on its estimated useful economic life of four years.

##### 1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% straight line
Fixtures, fittings & equipment	25% straight line

Fixed asset investments are stated at cost less provision for diminution in value.

##### 1.8 Stock

Stock, comprising development projects and properties, is stated at the lower of cost and net realisable value. Net realisable value is defined as estimated selling price less all further costs of development and estimated selling costs.



# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2014

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### 1 Accounting policies (continued)

#### 1.9 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.10 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.12 Investment properties

Purchases and sales of investment properties are accounted for on exchange of contract, unless the contract is conditional and the condition has not been satisfied at the date financial statements are approved. In such circumstances the purchase or sale is accounted for on completion of contract.

Properties purchased in the year but subject to unconditional exchange of contracts at the balance sheet date are included in the financial statements at cost. Other properties held for investment purposes are included in the financial statements at their open market value. Surpluses or deficits arising on periodic revaluations of investment properties are transferred to revaluation reserve.

#### 1.13 Investments

Investments held as fixed assets are stated at cost less provision for diminution in value.

Unlisted investments held as fixed assets are stated at estimated market value.

#### 1.14 Finance costs

In accordance with FRS 25 ("Financial Instruments: Presentation") loans are included in the financial statements net of issue costs, which are amortised over life of the loans.

### 2 Turnover

Turnover represents income receivable from the principal activities of the group arising wholly in the UK, exclusive of VAT.

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3 Operating profit	2014	2013
	£	£
Operating profit is stated after charging:		
Amortisation of intangible assets	128,849	128,851
Depreciation of tangible assets	30,095	30,064
Loss on disposal of tangible assets	3,970	-
Auditors' remuneration (company £2,000; 2013: £2,000)	40,000	41,000
	<u>          </u>	<u>          </u>

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# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2014**

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<b>4</b>	<b>Investment income</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Income from fixed asset investments	<u>370,207</u>	<u>176,344</u>
<b>5</b>	<b>Amounts written off investments</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	Amounts written off investments in prior years written back:		
	- fixed assets	<u>-</u>	<u>(74,159)</u>
<b>6</b>	<b>Interest payable</b>	<b>2014</b>	<b>2013</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	8,811,656	8,975,184
	Other interest	<u>216,631</u>	<u>175,181</u>
		<u>9,028,287</u>	<u>9,150,365</u>

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# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2014

7	Taxation	2014 £	2013 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	129,159	174,278
	Adjustment for prior years	(23,556)	-
	<b>Total current tax</b>	<u>105,603</u>	<u>174,278</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>1,047,337</u>	<u>1,008,367</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.00% (2013 - 24.00%)	<u>240,888</u>	<u>242,008</u>
	Effects of:		
	Non deductible expenses	4,822	38,649
	Depreciation add back	5,972	7,216
	Capital allowances	(27,813)	(20,621)
	Tax losses utilised	-	(28,613)
	Adjustments to previous periods	(23,556)	-
	Non taxable income	(103,548)	(42,318)
	Other tax adjustments	8,838	(22,043)
		<u>(135,285)</u>	<u>(67,730)</u>
	<b>Current tax charge for the year</b>	<u>105,603</u>	<u>174,278</u>

## 8 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2014 £	2013 £
Holding company's profit for the financial year	<u>2,342,654</u>	<u>1,562,548</u>

## 9 Exceptional items

During the year, a full provision was made against a loan of £819,651 made by Santon Capital PLC.

# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2014

### 10 Intangible fixed assets Group

	Goodwill £
<b>Cost</b>	
At 1 May 2013 and at 30 April 2014	515,398
<b>Amortisation</b>	
At 1 May 2013	386,549
Charge for the year	128,849
At 30 April 2014	515,398
<b>Net book value</b>	
At 30 April 2014	-
At 30 April 2013	128,849

Goodwill arose on the acquisition of the Santon Developments Plc group on 30 April 2010.

### 11 Tangible fixed assets Group

	Plant and machinery £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 May 2013	84,846	76,962	161,808
Additions	9,084	20,892	29,976
Disposals	(45,887)	(1,293)	(47,180)
At 30 April 2014	48,043	96,561	144,604
<b>Depreciation</b>			
At 1 May 2013	69,883	24,497	94,380
On disposals	(44,441)	(1,293)	(45,734)
Charge for the year	9,846	20,249	30,095
At 30 April 2014	35,288	43,453	78,741
<b>Net book value</b>			
At 30 April 2014	12,755	53,108	65,863
At 30 April 2013	14,963	52,465	67,428

# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 30 APRIL 2014**

### 12 Tangible fixed assets

	Freehold land and buildings £	Investment properties £	Group Total £	Company £
<b>Valuation</b>				
At 1 May 2013	727,500	5,137,500	5,865,000	-
Additions	-	3,428,114	3,428,114	-
At 30 April 2014	727,500	8,565,614	9,293,114	-
<b>Net book value</b>				
At 30 April 2014	727,500	8,565,614	9,293,114	-
At 30 April 2013	727,500	5,137,500	5,865,000	-

In the opinion of the directors, the market value of the investment properties as at 30 April 2014 is £8.57 million (2013: £5.137 million). The historical cost of the investments at 30 April 2014 was £3.75 million (2013: £3.75 million).

The freehold building is subject to depreciation, however the annual depreciation charge is insignificant and has therefore not been recognised in the accounts.

# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2014

### 13 Fixed asset investments Group

	Listed investments	Unlisted investments	Shares in participating interests	Shares in group undertakings	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 May 2013	3,232,255	3,072,466	2	2	6,304,725
Additions	869,506	-	-	-	869,506
Revaluation	(324,230)	-	-	-	(324,230)
Disposals	(223,807)	(100,000)	-	-	(323,807)
At 30 April 2014	3,553,724	2,972,466	2	2	6,526,194
<b>Provisions for diminution in value</b>					
At 1 May 2013	-	66,383	-	-	66,383
Charge for the year	-	1,782,234	-	-	1,782,234
At 30 April 2014	-	1,848,617	-	-	1,848,617
<b>Net book value</b>					
At 30 April 2014	3,553,724	1,123,849	2	2	4,677,577
At 30 April 2013	3,232,255	3,006,084	2	2	6,238,343

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

### Company

	Listed investments	Unlisted investments	Shares in participating interests	Shares in group undertakings	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 May 2013	3,232,255	1,000,000	2	1,425,210	5,657,467
Additions	869,506	-	-	-	869,506
Revaluation	(324,230)	-	-	-	(324,230)
Disposals	(223,807)	(100,000)	-	-	(323,807)
At 30 April 2014	3,553,724	900,000	2	1,425,210	5,878,936
<b>Net book value</b>					
At 30 April 2014	3,553,724	900,000	2	1,425,210	5,878,936
At 30 April 2013	3,232,255	1,000,000	2	1,425,210	5,657,467

# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2014

### 13 Fixed asset investments

(continued)

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	%
<b>Subsidiary undertakings</b>			
Santon Homes Plc	Scotland	228,002 Ordinary 50p shares	100
Santon Commercial Properties Plc	Scotland	204,002 Ordinary 50p shares	100
Santon Property Investments Limited	England and Wales	100 Ordinary £1 shares	100
Santon Close Nominees Limited	Scotland	2 Ordinary £1 shares	100
Santon Management Limited	England and Wales	2 Ordinary £1 shares	100
Santon Investments Limited	England and Wales	100 Ordinary £1 shares	100
Santon Estates Limited	England and Wales	2 Ordinary £1 shares	100
Santon Property Company Limited	England and Wales	2 Ordinary £1 shares	100
Santon Developments Plc	England and Wales	2,022,999 Ordinary 50p shares	100
Santon Group Developments Limited	Scotland	2 Ordinary £1 shares	100
Santon Contracting Limited*	England and Wales	2 Ordinary £1 shares	100
Santon Highlands Limited*	Scotland	100 Ordinary £1 shares	100
Santon UK Limited	England and Wales	2 Ordinary £1 shares	100
Santon Retail Limited*	England and Wales	2 Ordinary £1 shares	100

\*Indirectly owned

### 14 Stocks

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Development properties	439,945,275	498,237,219	-	-

# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2014

### 15 Debtors

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	10,786	7,305,487	-	-
Amounts owed by group undertakings	-	-	10,464,558	5,101,836
Other debtors	1,133,065	1,470,212	164,987	917,973
Prepayments and accrued income	2,831,571	2,721,012	1,050	-
	<u>3,975,422</u>	<u>11,496,711</u>	<u>10,630,595</u>	<u>6,019,809</u>

Amounts falling due after more than one year and included in the debtors above are:

	2014	2013	2014	2013
	£	£	£	£
Other debtors	<u>150,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>

### 16 Share capital

	2014	2013
	£	£
Allotted, called up and fully paid		
248,004 Ordinary shares of 50p each	<u>124,002</u>	<u>124,002</u>



# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2014

#### 17 Statement of movements on reserves Group

	Merger reserve	Revaluation reserve	Other reserves (see below)	Profit and loss account
	£	£	£	£
Balance at 1 May 2013	195,053	2,170,119	499,684	1,117,626
Profit for the year	-	-	-	941,734
Transfer from revaluation reserve to profit and loss account	-	(67,609)	-	67,609
Revaluation during the year	-	(324,230)	-	-
Balance at 30 April 2014	<u>195,053</u>	<u>1,778,280</u>	<u>499,684</u>	<u>2,126,969</u>

#### Other reserves

##### Capital redemption reserve

Balance at 1 May 2013 and at 30 April 2014

92,000

##### Capital reserve

Balance at 1 May 2013 and at 30 April 2014

407,684

#### Company

	Revaluation reserve	Other reserves (see below)	Profit and loss account
	£	£	£
Balance at 1 May 2013	668,496	92,000	7,267,215
Profit for the year	-	-	2,342,654
Transfer from revaluation reserve to profit and loss account	(67,609)	-	67,609
Revaluation during the year	(324,230)	-	-
Balance at 30 April 2014	<u>276,657</u>	<u>92,000</u>	<u>9,677,478</u>

#### Other reserves

##### Capital redemption reserve

Balance at 1 May 2013 & at 30 April 2014

92,000

# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2014

18 Reconciliation of movements in shareholders' funds	2014	2013
Group	£	£
Profit for the financial year	941,734	834,089
Revaluation in the year	(324,230)	1,126,715
Net addition to shareholders' funds	617,504	1,960,804
Opening shareholders' funds	4,106,484	2,145,680
Closing shareholders' funds	4,723,988	4,106,484

Company	2014	2013
	£	£
Profit for the financial year	2,342,654	1,545,567
Revaluation in the year	(324,230)	439,877
Net addition to shareholders' funds	2,018,424	1,985,444
Opening shareholders' funds	8,151,713	6,166,269
Closing shareholders' funds	10,170,137	8,151,713

### 19 Creditors : amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdrafts	5,223,848	5,223,848	-	-
Trade creditors	559,979	3,088,864	-	-
Amounts owed to group undertakings	-	-	2,836,379	3,958,350
Amounts owed to participating interests	2	2	-	-
Corporation tax	137,323	174,116	8,326	-
Other taxes and social security costs	4,343,361	6,607,220	-	-
Other creditors	37,647,248	48,352,806	3,563,713	1,674,774
Accruals and deferred income	10,251,882	11,257,741	2,000	2,000
	58,163,643	74,704,597	6,410,418	5,635,124

The loans and overdrafts are secured by fixed and floating charges over some of the group's assets and by first charges over the group's development properties.

# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2014

### 20 Creditors : amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans	412,532,973	461,520,392	-	-
Other loans	-	1,708,075	-	-
	<u>412,532,973</u>	<u>463,228,467</u>	<u>-</u>	<u>-</u>
<b>Analysis of loans</b>				
Wholly repayable within five years	451,673,712	509,331,930	-	-
Included in current liabilities	(39,140,739)	(46,103,463)	-	-
	<u>412,532,973</u>	<u>463,228,467</u>	<u>-</u>	<u>-</u>
<b>Loan maturity analysis</b>				
In more than two years but not more than five years	<u>412,532,973</u>	<u>463,228,467</u>	<u>-</u>	<u>-</u>

The loans and overdrafts are secured by fixed and floating charges over some of the group's assets and by first charges over the group's development properties.

### 21 Directors' remuneration

	2014	2013
	£	£
Remuneration for qualifying services	<u>100,000</u>	<u>151,933</u>
Remuneration disclosed above include the following amounts paid to the highest paid director:		
Remuneration for qualifying services	<u>100,000</u>	<u>151,933</u>

# SANTON CAPITAL PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2014

### 22 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Administration	16	17

#### Employment costs

	2014 £	2013 £
Wages and salaries	847,511	1,086,156
Social security costs	83,290	122,832
Other pension costs	40,000	100,001
	970,801	1,308,989

Other pension costs relate to contributions payable by the group during the year to a defined contribution pension scheme.

### 23 Control

At 30 April 2014 the company was controlled by B.S Sandhu.

### 24 Related party transactions

a) Other creditors include £523,200 (2013: £9,749) due to B S Sandhu and £2,184,750 (2013: £1,453,208) due to P Sandhu, the wife of the director B S Sandhu. Interest of £41,631 (2013: £nil) was incurred by the company in respect of these balances.

b) Santon Capital Plc provided an interest free loan of £50,000 (2013: £35,000) to The Sandhu Charitable Foundation of which B S Sandhu & S Carey are trustees. The group provides offices, staff and administrative support to the Foundation without charge.

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking.