

Company Registration No. 03364739 (England and Wales)

SANTON CAPITAL PLC
ANNUAL REPORT
FOR THE YEAR ENDED 30 APRIL 2015

WEDNESDAY



A4IY7RBT

A14

28/10/2015

#100

COMPANIES HOUSE

SANTON CAPITAL PLC

DIRECTORS AND ADVISERS

| | |
|----------------------------|---|
| Directors | B.S. Sandhu S. Carey |
| Senior Management | V. Donnelly H. Kelsey R. Patel |
| Secretaries | S. Carey Financial & Legal Services Ltd R Patel |
| Company number | 03364739 |
| Registered office | Santon House 53/55 Uxbridge Road Ealing London W5 5SA |
| Registered auditors | Gerald Edelman 73 Cornhill London EC3V 3QQ |
| Solicitors | Linklaters LLP One Silk Street London EC2Y 8HQ Stephoe & Johnson 99 Gresham Street London EC2V 7NG |

SANTON CAPITAL PLC

DIRECTORS AND ADVISERS

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

SANTON CAPITAL PLC

CONTENTS

| | Page |
|---|-------------|
| Strategic report | 1 - 2 |
| Directors' report | 3 - 4 |
| Independent auditors' report | 5 - 6 |
| Consolidated profit and loss account | 7 |
| Balance sheets | 9 |
| Consolidated cash flow statement | 10 |
| Notes to the consolidated cash flow statement | 11 |
| Notes to the financial statements | 12 - 25 |

SANTON CAPITAL PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2015

The directors present the strategic report and financial statements for the year ended 30 April 2015.

Review of the business

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

The Group's turnover decreased from £96.0 million to £84.3 million resulting in the Operating Profit decreasing from £10.3 million to £7.5 million. Profit before tax, however, increased from £1.05 million to £1.35 million as a result of an investment property disposal. The directors consider the result for the year to be satisfactory.

As at 30 April 2015 stock of property, principally commercial, decreased from £440.0 million to £374.0 million. The Group's total assets decreased from £475.4 million to £401.2 million as a result of property disposals.

The Group disposed of Q16 on the Quorum Business Park, Newcastle – an investment property which it acquired the previous year. Whilst it had been purchased as a long term hold the Group was concerned about the state of the oil industry, on which the tenant was reliant, and made the decision to dispose for a significant profit.

The group has made significant advances on the 15 acre North Street Quarter development in Lewes which is being under taken in a joint venture with MAS Real Estate Inc; a South African listed property fund, and Lewes District Council. Planning for 416 new homes, 40% of them affordable, 140,000 sq. ft. of flexible employment space, town flood defences, a new 330 space car park, a riverside walk and cycleway and new public squares and gardens was submitted shortly before the accounting year end following extensive community and other stakeholder consultations over a period of almost three years. Our scheme offers substantial benefits for the local community and factors in the sensitive location of the site in the South Downs National Park. Subsequent amendments to the planning application were made in October, 2015 following additional feedback from the various stakeholders. It is currently expected that the planning will be heard in December, 2015; following which it is likely that development would commence in the first half of 2016.

The group has substantially developed The Highland Club, the Grade A, Fort Augustus Abbey, Loch Ness into 109 luxury residential units; the vast majority of which have been sold. Three units remain to be developed with planning potential 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 the Fort Augustus 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.

SANTON CAPITAL PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2015

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, continue to be strong largely thanks to government initiatives such as the 'Help to Buy' scheme, low interest rates and growing demand. However, our own view is that throwing cheap credit at the housing sector is more likely to increase the cost to home buyers rather than lead to a substantial increase in the construction of new houses over the norm. It is the supply side that should be of primary concern 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 because local people tend to be against development in their own backyard. Yes, we need more housing but it should be built elsewhere is the normal mantra. Lewes is a good example. It will probably take us four years and millions of pounds 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. And this is on a brownfield site which is allocated as part of Local plan! There is a lot of political noise but little concrete action on stimulating the supply of housing but if we want more houses built that is going to have to change dramatically otherwise house prices will continue to rise.

The commercial market, driven by continuously low interest rates, is more energised, particularly in the regions as people recognise the relative cheapness of the secondary market compared to prime London and we will continue to look for opportunities outside London. Banking, whilst still remaining difficult, has become easier and although LTV's remain low they are rising. The most notable development over the last few years has been the development of Alternative Funding sources, which we welcome, although the Group has yet to use any such sources.

The Group's office investment in Ealing is likely to benefit in the medium term from substantial rental increases, as leases become due for renewal. This is as a result of the impact of Crossrail and as a result of the reduction in office supply (which has been converted to higher value residential or hotel use). Ealing Broadway station is expected to commence Crossrail services from 2019.

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

On behalf of the board



B. S. Sandhu

Director

21 October 2015

SANTON CAPITAL PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2015

The directors present their report and financial statements for the year ended 30 April 2015.

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 (2014: £Nil).

Directors

The following directors have held office since 1 May 2014:

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 2015.

Charitable and Political donations

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

The Group made direct charitable contributions of £25,344 during the year (2014: £14,150). 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 £300,350 during its year ended 31 March 2015 (2014: £300,000).

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 (2014: 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 2015

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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:

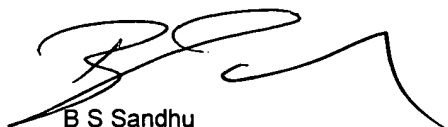
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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



B S Sandhu

Director

21 October 2015

SANTON CAPITAL PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANTON CAPITAL PLC

We have audited the group and parent company financial statements (the "financial statements") of Santon Capital Plc for the year ended 30 April 2015 set out on pages 7 to 25. 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 2015 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

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.



Hiten Patel FCCA (Senior Statutory Auditor)
for and on behalf of Gerald Edelman

21 October 2015

Chartered Accountants
Statutory Auditor

73 Cornhill
London
EC3V 3QQ

SANTON CAPITAL PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 APRIL 2015

| | Notes | 2015 £ | 2014 £ |
|--|-------|-------------------|-------------------|
| Turnover | 2 | 84,267,979 | 95,987,104 |
| Cost of sales | | (73,712,366) | (81,947,133) |
| Gross profit | | 10,555,613 | 14,039,971 |
| Administrative expenses | | (3,026,569) | (3,764,956) |
| Operating profit | 3 | 7,529,044 | 10,275,015 |
| Profit on disposal of fixed asset investment | | 1,335,938 | 15,213 |
| Exceptional write off of loan balance | 9 | - | (819,651) |
| Profit on ordinary activities before interest | | 8,864,982 | 9,470,577 |
| Investment income | 4 | 68,096 | 370,207 |
| Other interest receivable and similar income | | 627,105 | 234,840 |
| Amounts written off investments | 5 | (253,157) | - |
| Interest payable and similar charges | 6 | (7,961,638) | (9,028,287) |
| Profit on ordinary activities before taxation | | 1,345,388 | 1,047,337 |
| Tax on profit on ordinary activities | 7 | (12,581) | (105,603) |
| Profit on ordinary activities after taxation | | 1,332,807 | 941,734 |

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 2015**

| | 2015 | 2014 |
|---|------------------|----------------|
| | £ | £ |
| Profit for the financial year | 1,332,807 | 941,734 |
| Unrealised (deficit)/surplus on revaluation | (279,237) | (324,230) |
| Total recognised gains and losses relating to the year | <u>1,053,570</u> | <u>617,504</u> |

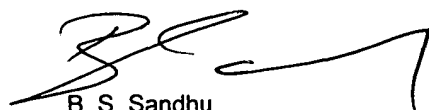
SANTON CAPITAL PLC

BALANCE SHEETS

AS AT 30 APRIL 2015

| | Notes | Group 2015 £ | 2014 £ | Company 2015 £ | 2014 £ |
|--|---------|--------------------|--------------------|----------------------|-------------------|
| Fixed assets | | | | | |
| Tangible assets | 10 & 11 | 5,907,181 | 9,358,977 | - | - |
| Investments | 12 | 3,903,760 | 4,677,577 | 5,105,121 | 5,878,936 |
| | | <u>9,810,941</u> | <u>14,036,554</u> | <u>5,105,121</u> | <u>5,878,936</u> |
| Current assets | | | | | |
| Stocks | 13 | 373,952,178 | 439,945,275 | - | - |
| Debtors | 14 | 3,030,351 | 3,975,422 | 6,829,597 | 10,630,595 |
| Cash at bank and in hand | | 14,359,522 | 17,463,353 | 4,132,971 | 71,024 |
| | | <u>391,342,051</u> | <u>461,384,050</u> | <u>10,962,568</u> | <u>10,701,619</u> |
| TOTAL ASSETS | | <u>401,152,992</u> | <u>475,420,604</u> | <u>16,067,689</u> | <u>16,580,555</u> |
| Capital and reserves | | | | | |
| Called up share capital | 15 | 124,002 | 124,002 | 124,002 | 124,002 |
| Merger reserve | 16 | 195,053 | 195,053 | - | - |
| Revaluation reserve | 16 | 1,694,491 | 1,778,280 | 192,868 | 276,657 |
| Other reserves | 16 | 499,684 | 499,684 | 92,000 | 92,000 |
| Profit and loss account | 16 | 3,264,328 | 2,126,969 | 10,776,981 | 9,677,478 |
| | | <u>5,777,558</u> | <u>4,723,988</u> | <u>11,185,851</u> | <u>10,170,137</u> |
| Shareholders' funds | 17 | 5,777,558 | 4,723,988 | 11,185,851 | 10,170,137 |
| Creditors: amounts falling due within one year | 18 | 51,856,861 | 58,163,643 | 4,881,838 | 6,410,418 |
| Creditors: amounts falling due after more than one year | 19 | 343,518,573 | 412,532,973 | - | - |
| TOTAL LIABILITIES, CAPITAL AND RESERVES | | <u>401,152,992</u> | <u>475,420,604</u> | <u>16,067,689</u> | <u>16,580,555</u> |

Approved by the Board and authorised for issue on 21 October 2015


B. S. Sandhu
Director

Company Registration No. 03364739

SANTON CAPITAL PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2015

| | 2015 | 2014 |
|---|---------------------|---------------------|
| £ | £ | £ |
| Net cash inflow from operating activities | 87,471,612 | 67,672,308 |
| Returns on investments and servicing of finance | | |
| Interest received | 627,105 | 234,840 |
| Interest paid | (7,961,638) | (9,028,287) |
| Dividends received | 68,096 | 370,207 |
| Net cash outflow for returns on investments and servicing of finance | (7,266,437) | (8,423,240) |
| Taxation | (127,786) | (142,396) |
| Capital expenditure and financial investment | | |
| Payments to acquire tangible assets | (2,696) | (3,458,090) |
| Payments to acquire investments | (1,443,381) | (869,506) |
| Receipts from sales of tangible assets | 4,937,664 | (2,524) |
| Receipts from sales of investments | 1,511,192 | 339,021 |
| Net cash inflow/(outflow) for capital expenditure | 5,002,779 | (3,991,099) |
| Net cash inflow before management of liquid resources and financing | 85,080,168 | 55,115,573 |
| Financing | | |
| Bank and other loans | (69,014,400) | (57,658,218) |
| Repayment of other short term loans | (19,169,599) | - |
| Net cash outflow from financing | (88,183,999) | (57,658,218) |
| Decrease in cash in the year | (3,103,831) | (2,542,645) |

SANTON CAPITAL PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 APRIL 2015

| | | | |
|---|---|------------|-------------|
| 1 | Reconciliation of operating profit to net cash inflow from operating activities | 2015 | 2014 |
| | | £ | £ |
| | Operating profit | 7,529,044 | 10,275,015 |
| | Depreciation of tangible assets | 24,634 | 30,095 |
| | Amortisation of intangible assets | - | 128,849 |
| | Provision against investments | | 1,782,234 |
| | Loss on disposal of tangible assets | 1,744 | 3,970 |
| | Exceptional write off of irrecoverable loan balance | - | (819,651) |
| | Decrease in stocks | 65,993,097 | 58,291,944 |
| | Decrease in debtors | 945,071 | 7,521,289 |
| | Increase/(Decrease) in creditors | 12,978,022 | (9,541,437) |
| | Net cash inflow from operating activities | 87,471,612 | 67,672,308 |

| | | | | | |
|---|-----------------------------------|---------------|-------------|------------------------|---------------|
| 2 | Analysis of net debt | 1 May 2014 | Cash flow | Other non-cash changes | 30 April 2015 |
| | | £ | £ | £ | £ |
| | Net cash: | | | | |
| | Cash at bank and in hand | 17,463,353 | (3,103,831) | - | 14,359,522 |
| | Debts falling due within one year | (39,140,739) | 19,169,599 | - | (19,971,140) |
| | Debts falling due after one year | (412,532,973) | 69,014,400 | - | (343,518,573) |
| | | (451,673,712) | 88,183,999 | - | (363,489,713) |
| | Net debt | (434,210,359) | 85,080,168 | - | (349,130,191) |

| | | | |
|---|---|---------------|---------------|
| 3 | Reconciliation of net cash flow to movement in net debt | 2015 | 2014 |
| | | £ | £ |
| | Decrease in cash in the year | (3,103,831) | (2,542,645) |
| | Cash outflow from decrease in debt | 88,183,999 | 57,658,218 |
| | Movement in net debt in the year | 85,080,168 | 55,115,573 |
| | Opening net debt | (434,210,359) | (489,325,932) |
| | Closing net debt | (349,130,191) | (434,210,359) |

SANTON CAPITAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2015

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 2015.

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 2015

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.

| 3 Operating profit | 2015 £ | 2014 £ |
|---|-----------|-----------|
| Operating profit is stated after charging: | | |
| Amortisation of intangible assets | - | 128,849 |
| Depreciation of tangible assets | 24,634 | 30,095 |
| Loss on disposal of tangible assets | 1,744 | 3,970 |
| Auditors' remuneration (company £2,000; 2014: £2,000) | 32,400 | 40,000 |

SANTON CAPITAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2015

| | | | |
|----------|--|-------------------|-------------------|
| 4 | Investment income | 2015 | 2014 |
| | | £ | £ |
| | Income from fixed asset investments | 68,096 | 370,207 |
| | | <u> </u> | <u> </u> |
| 5 | Amounts written off investments | 2015 | 2014 |
| | | £ | £ |
| | Amounts written off fixed asset investments: | | |
| | - fixed assets | 253,157 | - |
| | | <u> </u> | <u> </u> |
| 6 | Interest payable | 2015 | 2014 |
| | | £ | £ |
| | On bank loans and overdrafts | 7,251,891 | 8,811,656 |
| | Other interest | 709,747 | 216,631 |
| | | <u> </u> | <u> </u> |
| | | <u>7,961,638</u> | <u>9,028,287</u> |

SANTON CAPITAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2015

| 7 | Taxation | 2015 £ | 2014 £ |
|---|---|------------------|------------------|
| | Domestic current year tax | | |
| | U.K. corporation tax | 22,119 | 129,159 |
| | Adjustment for prior years | (9,538) | (23,556) |
| | Total current tax | <u>12,581</u> | <u>105,603</u> |
| | Factors affecting the tax charge for the year | | |
| | Profit on ordinary activities before taxation | <u>1,345,388</u> | <u>1,047,337</u> |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20% (2014 - 23%) | <u>269,078</u> | <u>240,888</u> |
| | Effects of: | | |
| | Non deductible expenses | 5,786 | 4,822 |
| | Depreciation add back | 4,927 | 5,972 |
| | Capital allowances | (19,915) | (27,813) |
| | Tax losses utilised | (180,023) | - |
| | Chargeable disposals | (17,326) | - |
| | Adjustments to previous periods | (9,538) | (23,556) |
| | Non taxable income | (13,619) | (103,548) |
| | Other tax adjustments | (26,789) | 8,838 |
| | | <u>(256,497)</u> | <u>(135,285)</u> |
| | Current tax charge for the year | <u>12,581</u> | <u>105,603</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:

| | 2015 £ | 2014 £ |
|---|------------------|------------------|
| Holding company's profit for the financial year | <u>1,294,951</u> | <u>2,342,654</u> |

9 Exceptional items

During the year, a provision of £Nil (2014: £819,651) was made against a loan made by Santon Capital PLC.

SANTON CAPITAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2015

10 Tangible fixed assets

| Group | Plant and machinery £ | Fixtures, fittings & equipment £ | Total £ |
|--------------------------|-----------------------------|---|------------|
| Cost or valuation | | | |
| At 1 May 2014 | 48,043 | 96,561 | 144,604 |
| Additions | 1,449 | 1,247 | 2,696 |
| Disposals | (4,851) | - | (4,851) |
| At 30 April 2015 | 44,641 | 97,808 | 142,449 |
| Depreciation | | | |
| At 1 May 2014 | 35,288 | 43,453 | 78,741 |
| On disposals | (3,107) | - | (3,107) |
| Charge for the year | 4,595 | 20,039 | 24,634 |
| At 30 April 2015 | 38,446 | 61,822 | 100,268 |
| Net book value | | | |
| At 30 April 2015 | 6,195 | 35,986 | 42,181 |
| At 30 April 2014 | 12,755 | 53,108 | 65,863 |

SANTON CAPITAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2015

11 Tangible fixed assets

| | Freehold land and buildings £ | Investment properties £ | Group Total £ | Company £ |
|-----------------------|-------------------------------------|-------------------------------|------------------|--------------|
| Valuation | | | | |
| At 1 May 2014 | 727,500 | 8,565,614 | 9,293,114 | - |
| Disposals | - | (3,428,114) | (3,428,114) | - |
| At 30 April 2015 | 727,500 | 5,137,500 | 5,865,000 | - |
| Net book value | | | | |
| At 30 April 2015 | 727,500 | 5,137,500 | 5,865,000 | - |
| At 30 April 2014 | 727,500 | 8,565,614 | 9,293,114 | - |

In the opinion of the directors, the market value of the investment properties as at 30 April 2015 is £5.14 million (2014: £8.57 million). The historical cost of the investments at 30 April 2015 was £3.75 million (2014: £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 2015

12 Fixed asset investments Group

| | Listed investments | Unlisted investments | Shares in participating interests | Shares in group undertakings | Total |
|--------------------------|-----------------------|-------------------------|---|------------------------------------|-------------|
| | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | |
| At 1 May 2014 | 3,553,724 | 2,972,466 | 2 | 2 | 6,526,194 |
| Additions | 523,557 | 919,824 | - | - | 1,443,381 |
| Revaluation | (279,237) | - | - | - | (279,237) |
| Disposals | (784,803) | (900,000) | - | - | (1,684,803) |
| At 30 April 2015 | 3,013,241 | 2,992,290 | 2 | 2 | 6,005,535 |
| At 1 May 2014 | - | 1,848,617 | - | - | 1,848,617 |
| Charge for the year | - | 253,158 | - | - | 253,158 |
| At 30 April 2015 | - | 2,101,775 | - | - | 2,101,775 |
| Net book value | | | | | |
| At 30 April 2015 | 3,013,241 | 890,515 | 2 | 2 | 3,903,760 |
| At 30 April 2014 | 3,553,724 | 1,123,849 | 2 | 2 | 4,677,577 |

SANTON CAPITAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2015

12 Fixed asset investments

(Continued)

| Company | Listed investments | Unlisted investments | Shares in participating interests | Shares in group undertakings | Total |
|---|-----------------------|-------------------------|---|------------------------------------|-------------|
| | £ | £ | £ | £ | £ |
| Cost or valuation | | | | | |
| At 1 May 2014 | 3,553,724 | 900,000 | 2 | 1,425,210 | 5,878,936 |
| Additions | 523,558 | 919,824 | - | - | 1,443,382 |
| Revaluation | (279,237) | - | - | - | (279,237) |
| Disposals | (784,803) | (900,000) | - | - | (1,684,803) |
| At 30 April 2015 | 3,013,242 | 919,824 | 2 | 1,425,210 | 5,358,278 |
| Provisions for diminution in value | | | | | |
| At 1 May 2014 | - | - | - | - | - |
| Charge for the year | - | 253,157 | - | - | 253,157 |
| At 30 April 2015 | - | 253,157 | - | - | 253,157 |
| Net book value | | | | | |
| At 30 April 2015 | 3,013,242 | 666,667 | 2 | 1,425,210 | 5,105,121 |
| At 30 April 2014 | 3,553,724 | 900,000 | 2 | 1,425,210 | 5,878,936 |

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.

SANTON CAPITAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2015

12 Fixed asset investments

(Continued)

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 | |
|-------------------------------------|--|-------------|--------|
| | | Class | % |
| Subsidiary undertakings | | | |
| Santon Homes Plc | Scotland | Ordinary | 100.00 |
| Santon Commercial Properties Plc | Scotland | Ordinary | 100.00 |
| Santon Property Investments Limited | England and Wales | Ordinary | 100.00 |
| Santon Close Nominees Limited | Scotland | Ordinary | 100.00 |
| Santon Management Limited | England and Wales | Ordinary | 100.00 |
| Santon Investments Limited | England and Wales | Ordinary | 100.00 |
| Santon Estates Limited | England and Wales | Ordinary | 100.00 |
| Santon Property Company Limited | England and Wales | Ordinary | 100.00 |
| Santon Developments Plc | England and Wales | Ordinary | 100.00 |
| Santon Group Developments Limited | Scotland | Ordinary | 100.00 |
| Santon Contracting Limited* | England and Wales | Ordinary | 100.00 |
| Santon Highlands Limited* | Scotland | Ordinary | 100.00 |
| Santon UK Limited | England and Wales | Ordinary | 100.00 |
| Santon Retail Limited* | England and Wales | Ordinary | 100.00 |

*Indirectly owned

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.

13 Stocks

| | Group | | Company | |
|------------------------|-------------|-------------|---------|------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Development properties | 373,952,178 | 439,945,275 | - | - |

SANTON CAPITAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2015

14 Debtors

| | Group | | Company | |
|------------------------------------|------------------|------------------|------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Trade debtors | 2,202 | 10,786 | - | - |
| Amounts owed by group undertakings | - | - | 6,140,866 | 10,464,558 |
| Other debtors | 861,182 | 1,133,065 | 688,731 | 164,987 |
| Prepayments and accrued income | 2,166,967 | 2,831,571 | - | 1,050 |
| | <u>3,030,351</u> | <u>3,975,422</u> | <u>6,829,597</u> | <u>10,630,595</u> |

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

| | 2015 | 2014 | 2015 | 2014 |
|---------------|----------------|----------------|----------|----------|
| | £ | £ | £ | £ |
| Other debtors | <u>150,000</u> | <u>150,000</u> | <u>-</u> | <u>-</u> |

15 Share capital

| | 2015 | 2014 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| 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 2015

16 Statement of movements on reserves Group

| | Merger reserve | Revaluation reserve | Other reserves (see below) | Profit and loss account |
|---|-------------------|------------------------|----------------------------------|-------------------------------|
| | £ | £ | £ | £ |
| Balance at 1 May 2014 | 195,053 | 1,778,280 | 499,684 | 2,126,969 |
| Profit for the year | - | - | - | 1,332,807 |
| Transfer from revaluation reserve to profit and loss account | - | 195,448 | - | (195,448) |
| Revaluation during the year | - | (279,237) | - | - |
| Balance at 30 April 2015 | 195,053 | 1,694,491 | 499,684 | 3,264,328 |

Other reserves

Capital redemption reserve

Balance at 1 May 2014 & at 30 April 2015 92,000

Capital reserve

Balance at 1 May 2014 & at 30 April 2015 407,684

Company

| | Revaluation reserve | Other reserves (see below) | Profit and loss account |
|--|------------------------|----------------------------------|-------------------------------|
| | £ | £ | £ |
| Balance at 1 May 2014 | 276,657 | 92,000 | 9,677,478 |
| Profit for the year | - | - | 1,294,951 |
| Transfer from revaluation reserve to profit and loss account | 195,448 | - | (195,448) |
| Revaluation during the year | (279,237) | - | - |
| Balance at 30 April 2015 | 192,868 | 92,000 | 10,776,981 |

Other reserves

Capital redemption reserve

Balance at 1 May 2014 & at 30 April 2015 92,000

SANTON CAPITAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2015

| | | | | |
|-----------|---|--------------|----------------|-------------|
| 17 | Reconciliation of movements in shareholders' funds | | 2015 | 2014 |
| | Group | | £ | £ |
| | Profit for the financial year | | 1,332,807 | 941,734 |
| | Other recognised gains and losses | | (279,237) | (324,230) |
| | Net addition to shareholders' funds | | 1,053,570 | 617,504 |
| | Opening shareholders' funds | | 4,723,988 | 4,106,484 |
| | Closing shareholders' funds | | 5,777,558 | 4,723,988 |
| | | | | |
| | Company | | £ | £ |
| | Profit for the financial year | | 1,294,951 | 2,342,654 |
| | Other recognised gains and losses | | (279,237) | (324,230) |
| | Net addition to shareholders' funds | | 1,015,714 | 2,018,424 |
| | Opening shareholders' funds | | 10,170,137 | 8,151,713 |
| | Closing shareholders' funds | | 11,185,851 | 10,170,137 |
| 18 | Creditors : amounts falling due within one year | | | |
| | | Group | Company | |
| | | 2015 | 2014 | 2015 |
| | | £ | £ | £ |
| | Bank loans and overdrafts | 5,223,848 | 5,223,848 | - |
| | Trade creditors | 214,596 | 559,979 | 23 |
| | Amounts owed to group undertakings | - | - | 2,244,522 |
| | Amounts owed to participating interests | - | 2 | - |
| | Corporation tax | 22,118 | 137,323 | 2,118 |
| | Other taxes and social security costs | 80,371 | 4,343,361 | - |
| | Other creditors | 38,260,342 | 37,647,248 | 2,633,175 |
| | Accruals and deferred income | 8,055,586 | 10,251,882 | 2,000 |
| | | 51,856,861 | 58,163,643 | 4,881,838 |
| | | | | 6,410,418 |

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 2015

19 Creditors : amounts falling due after more than one year

| | Group | | Company | |
|---|--------------|--------------|---------|------|
| | 2015 | 2014 | 2015 | 2014 |
| | £ | £ | £ | £ |
| Bank loans | 343,518,573 | 412,532,973 | - | - |
| Analysis of loans | | | | |
| Wholly repayable within five years | 363,489,713 | 451,673,712 | - | - |
| Included in current liabilities | (19,971,140) | (39,140,739) | - | - |
| | 343,518,573 | 412,532,973 | - | - |
| Loan maturity analysis | | | | |
| In more than two years but not more than five years | 343,518,573 | 412,532,973 | - | - |

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.

20 Directors' remuneration

| | 2015 | 2014 |
|---|---------|---------|
| | £ | £ |
| Remuneration for qualifying services | 100,000 | 100,000 |
| Remuneration disclosed above include the following amounts paid to the highest paid director: | | |
| Remuneration for qualifying services | 100,000 | 100,000 |

SANTON CAPITAL PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2015

21 Employees

Number of employees

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

| | 2015 Number | 2014 Number |
|-----------------------|----------------|----------------|
| Administration | 16 | 16 |
| Employment costs | 2015 £ | 2014 £ |
| Wages and salaries | 583,953 | 847,511 |
| Social security costs | 58,273 | 83,290 |
| Other pension costs | 87,000 | 40,000 |
| | 729,226 | 970,801 |

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

22 Control

At 30 April 2015 the company was controlled by B.S. Sandhu.

23 Related party transactions

a) Other creditors include £1,199,124 (2014: £523,000) due to B S Sandhu and £618,956 (2014: £2,184,750) due to P Sandhu, the wife of the director B S Sandhu. Interest of £77,556 (2014: £41,631) was incurred by the company in respect of these balances.

b) Santon Capital Plc provided an interest free loan of £Nil (2014: £50,000) 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.

c) Included in other creditors are amounts of £660,953 (2014: £652,622) due to B and P Investments Limited, a company in which B. S. Sandhu is a director and shareholder.

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.