

**Company Registration No. 08557403**

**Amshold Group Limited**

**Annual report and financial statements  
for the year ended**

**30 June 2019**

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# **Amshold Group Limited**

## **Annual Report and financial statements for the year ended 30 June 2019**

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# **Amshold Group Limited**

## **Annual Report and financial statements for the year ended 30 June 2019**

### **Officers and professional advisers**

#### **Directors**

Lord Alan M Sugar  
Daniel P Sugar  
Simon Sugar  
Michael E Ray  
Roger G Adams

#### **Company secretary**

Michael E Ray

#### **Registered office**

Amshold House  
Goldings Hill  
Loughton  
Essex  
United Kingdom  
IG10 2RW

#### **Bankers**

Lloyds Bank plc  
City Office  
11-15 Monument Street  
London  
EC3V 9JA

#### **Solicitors**

Herbert Smith Freehills LLP  
Exchange House  
Primrose Street  
London  
EC2A 2EG

#### **Auditor**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

# **Amshold Group Limited**

## **Strategic report**

The directors present their Strategic report of Amshold Group Limited (the Group and Company) for the year ended 30 June 2019.

This strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Amshold Group Limited and its subsidiary undertakings when viewed as a whole.

### **Principal activities**

The principal activity of the Group is property trading and investment together with the provision of management services.

### **Business review**

In the year to 30 June 2019 the Group continued to look for property investment opportunities. During the year the Group completed the purchase of 21-27 Church Street, Kingston investing a total of £10.6m. The market for quality London freehold investment property remains extremely competitive with limited opportunities that meet our investment criteria.

On 14<sup>th</sup> March 2019 the group underwent a reorganisation. This resulted in a new company Amshold Limited being formed, this company then acquired the entire share capital of Amshold Group Limited (see note 28). As part of the reorganisation Amsprop REAT Limited (a wholly owned subsidiary owning four properties held for resale both directly and indirectly) was sold by Amshold Group Limited to its new parent company for £75.0m by way of a dividend in specie.

After the year end revaluations there was a net revaluation loss of £5.7m (2018: gain of £28.7m) bringing the revaluation surplus down to £157.9m.

Operating profit for the year prior to revaluations and disposals was £16.4m (2018: £13.9m) up on last year.

With a strong and stable management team and with its internal cash resources the Group is extremely well positioned to continue to actively acquire viable real estate propositions that it feels will further enhance its portfolio.

The Group considers its key performance indicator of the business to be its net assets. Net assets of the Group fell from £535.1m to £468.2m. This reduction was principally due to the reorganization of the Group and the distribution of trading properties held at £75.0m, a way of a dividend. Excluding the distribution, net assets increased by £8.1m.

At 30 June 2019 the Group had no debt (2018: nil). Due to the strength of the Group's property portfolio and balance sheet, the management team considers the Group to be in a healthy position should it need to raise any further funds.

# **Amshold Group Limited**

## **Strategic report (continued)**

### **Principal risks and uncertainties**

#### *Principal risks*

The directors considered the risks attached to the Group's and Company's financial instruments and have taken a prudent approach in their consideration of the various risks attached to the financial instruments of the Group and Company. The Group's and Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of assets, liabilities and the financial statements, as a whole.

The Group's property valuations give consideration to both current rental levels and expected yields. These are susceptible to market forces and therefore liable to affect the net asset value of the Group. The Group mitigates its liquidity and cash flow risk by spreading its cash deposits amongst several financial institutions and balancing the terms of its deposits according to its requirements.

The director's policy on hedging is to hedge all financial risks where it is feasible and cost effective to do so.

There no hedging activities carried out in the year.

#### *Uncertainties*

The property market has come under increasing pressure in the last twelve months. Although this provides opportunities for investment especially whilst interest rates remain at historic lows, it also puts pressure on the existing portfolio. Any increases in interest rates in the future will generate further pressure on valuations. There is increased uncertainty over BREXIT which will continue to impact rents until that uncertainty is resolved.

### **Future developments and subsequent events**

The Group remains committed to enhancing its current portfolio of real estate assets by means of diligent active management of stock whilst at the same time aggressively endeavouring to acquire new quality real estate asset opportunities that would complement our existing Real Estate portfolio strategy. With strong cash reserves we remain extremely well placed to do this.

Approved by the Board and signed on its behalf by:



M. E. Ray

Director

06 March 2020

# **Amshold Group Limited**

## **Directors' report**

The directors present their annual report on the affairs of the Group and the audited financial statements for the year ended 30 June 2019.

Future developments together with both financial risk exposure and financial management are included within the Strategic report.

### **Dividends**

The Company distributed £75,000,000 dividends in specie (2018: nil) and paid £500,000 in the year 2019 (2018: £600,000), no further dividends has been proposed since the year end date.

### **Going concern**

As disclosed in the accounting policies, the directors have reviewed the current and projected financial position of both the Group and the Company, making reasonable assumptions about future trading prospects.

On the basis of this review, and after making due enquiries, the directors have a reasonable expectation that both the Group and the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

### **Post balance sheet events**

Since 30 June 2019 the Group has been active in the property market. This activity is detailed in note 29 to the financial statements.

### **Employees**

Details of the number of employees and related costs can be found in note 3 to the financial statements.

It is the Group's policy to promote equal opportunities in employment for both existing employees and applicants for employment. Every effort is made to ensure that applications for employment from disabled persons are fully and fairly considered having regard to their particular aptitudes and abilities and that disabled employees have equal opportunities in career development. In the event of an existing employee becoming disabled, every effort is made to ensure that their employment by the Group continues and that appropriate adjustments are made to their work environment.

The Group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Group.

### **Directors**

The directors who held office for the Company since the date of incorporation to the end of the financial year are listed on page 1.

Appropriate directors' and officers' liability insurance cover is in place in respect of all of the Group's directors.

### **Political donations**

During the year the Group made no political donations (2018: nil).

## **Amshold Group Limited**

### **Directors' report (continued)**

#### **Disclosure of information to the auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

#### **Auditor**

A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



M. E. Ray

Director

06 March 2020

## **Amshold Group Limited**

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS102 "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 of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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



# **Amshold Group Limited**

## **Independent auditor's report to the members of Amshold Group Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Amshold Group Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 29.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

## **Amshold Group Limited**

### **Independent auditor's report to the members of Amshold Group Limited (continued)**

#### **Other information**

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

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

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Amshold Group Limited**

### **Independent auditor's report to the members of Amshold Group Limited (continued)**

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

##### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

##### **Use of our report**

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



Sara Tubridy FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
06 March 2020

## Amshold Group Limited

### Consolidated profit and loss account For the year ended 30 June 2019

	Notes	2019 £'000	2018 £'000
Group turnover	2	98,405	34,969
Operating costs	4	(82,047)	(21,059)
<b>Group operating profit before fair value movement on investment property and profit on disposal of investment property</b>		<b>16,358</b>	<b>13,910</b>
Fair value movement on investment property	12	(5,727)	(28,707)
Loss on disposal of investment properties	12	-	(25,923)
<b>Total group operating profit/(loss)</b>		<b>10,631</b>	<b>(40,720)</b>
Interest receivable and similar income	5	694	485
Interest payable and other similar charges	6	(14)	(3)
<b>Profit/(Loss) before taxation</b>		<b>11,311</b>	<b>(40,238)</b>
Tax (charge)/credit on profit/(loss)	8	(2,754)	8,089
<b>Profit/(Loss) for the financial year</b>		<b>8,557</b>	<b>(32,149)</b>

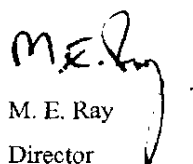
As there are no other sources of comprehensive income other than the profit for the financial year, the group has not included a consolidated statement of comprehensive income.

# Amshold Group Limited

## Consolidated balance sheet As at 30 June 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Intangible fixed assets:			
Negative goodwill	11	(5,307)	(5,307)
Tangible fixed assets:			
Investment properties	12	410,985	405,966
Other tangible fixed assets	13	10,877	2,777
		<u>421,862</u>	<u>408,743</u>
<b>Current assets</b>			
Properties held for resale	16	23,660	50,801
Debtors	17	8,256	20,173
Cash at bank and in hand	18	64,998	113,428
		<u>96,914</u>	<u>184,402</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>(13,312)</u>	<u>(20,350)</u>
<b>Net current assets</b>		<u>83,602</u>	<u>164,052</u>
<b>Total assets less current liabilities</b>		<u>500,157</u>	<u>567,488</u>
<b>Provisions for liabilities</b>	20	<u>(31,981)</u>	<u>(32,369)</u>
<b>Net assets</b>		<u>468,176</u>	<u>535,119</u>
<b>Capital and reserves</b>			
Called up share capital	21	35,523	35,523
Profit and loss account	22	432,653	499,596
<b>Shareholders' funds</b>		<u>468,176</u>	<u>535,119</u>

The Group financial statements of Amshold Group Limited, registered number 08557403, were approved by the board of directors and authorised for issue on 06 March 2020. They were signed on its behalf by:

  
M. E. Ray  
Director

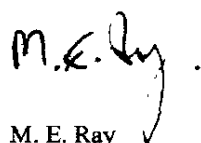
## Amshold Group Limited

### Company balance sheet As at 30 June 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Tangible fixed assets	13	2,457	2,465
Investments	14	38,048	54,563
		<u>40,505</u>	<u>57,028</u>
<b>Current assets</b>			
Debtors	17	135,602	106,989
Cash at bank and in hand	18	46,949	90,269
		<u>182,551</u>	<u>197,258</u>
<b>Creditors: amounts falling due within one year</b>	19	(1,185)	(860)
<b>Net current assets</b>		<u>181,366</u>	<u>196,398</u>
<b>Total assets less current liabilities</b>		<u>221,871</u>	<u>253,426</u>
<b>Provisions for liabilities</b>	20	(45)	(37)
<b>Net assets</b>		<u>221,826</u>	<u>253,389</u>
<b>Capital and reserves</b>			
Called up share capital	21	35,523	35,523
Profit and loss account		186,303	217,866
<b>Shareholder's funds</b>		<u>221,826</u>	<u>253,389</u>

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The profit of the parent company is disclosed in note 9.

The Company financial statements of Amshold Group Limited, registered number 08557403, were approved by the board of directors and authorised for issue on 06 March 2020. They were signed on its behalf by:



M. E. Ray

Director

## Amshold Group Limited

### Consolidated statement of changes in equity For the year ended 30 June 2019

	Notes	Called up share capital £'000	Profit and loss account £'000	Total £'000
As at 1 July 2017		35,523	532,345	567,868
Total comprehensive income		-	(32,149)	(32,149)
Dividends	10	-	(600)	(600)
As at 30 June 2018		35,523	499,596	535,119
Total comprehensive income	10	-	8,557	8,557
Dividends		-	(75,500)	(75,500)
As at 30 June 2019		35,523	432,653	468,176

## Amshold Group Limited

### Company statement of changes in equity For the year ended 30 June 2019

	Notes	Called up share capital £'000	Profit and loss account £'000	Total £'000
As at 1 July 2017		35,523	171,473	206,996
Total comprehensive income		-	46,993	46,993
Dividends	10	-	(600)	(600)
As at 30 June 2018		35,523	217,866	253,389
Total comprehensive income		-	43,937	43,937
Dividends	10	-	(75,500)	(75,500)
As at 30 June 2019		35,523	186,303	221,826

## Amshold Group Limited

### Consolidated cash flow statement For the year ended 30 June 2019

	Notes	2019 £'000	2018 £'000
Net cash (outflow)/inflow from operating activities	23	(40,171)	93,075
<b>Cash flows from investing activities</b>			
Interest received and similar income		607	167
Payments to acquire tangible fixed assets		(8,450)	(7)
<b>Net cash (outflow)/inflow from investing activities</b>		<u>(7,843)</u>	<u>160</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(500)	(600)
<b>Net cash outflow from financing activities</b>		<u>(500)</u>	<u>(600)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(48,514)</u>	<u>92,635</u>
<b>Cash and cash equivalents at beginning of year</b>		113,428	20,668
Effect of foreign exchange rate changes		84	125
<b>Cash and cash equivalents at end of year</b>		<u>64,998</u>	<u>113,428</u>

There are no cash equivalents at the beginning or the end of the year.



# **Amshold Group Limited**

## **Notes to the financial statements For the year ended 30 June 2019**

### **1. Accounting policies**

The particular accounting policies adopted by the directors are described below, and have been applied consistently in the current and preceding years.

#### **General information and basis of accounting**

Amshold Group Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The principal activities of the Company and its subsidiaries (the Group) and the nature of the Group's operations are set out on the Strategic report on pages 2 to 3.

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Amshold Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to the parent company cash flow statement.

For the year ending 30 June 2019, under Section 479A or Section 480 of the Companies Act 2006, all subsidiaries of the Group were entitled to exemption from audit. This is fully disclosed in note 15.

#### **Going concern**

The Group's business activities, together with the factors likely to affect its future development, performance and financial position are set out in the Strategic report and Director's report. This describes the financial position of the Group; its cash flows, liquidity position and borrowing facilities; and its exposure to credit risk and liquidity risk.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

#### **Consolidation**

The Group financial statements consolidate those of the parent company and all its subsidiary undertakings drawn up to 30 June each year.

#### **Negative goodwill**

Negative goodwill arising on acquisition is credited to the balance sheet and released through the profit and loss account as the underlying assets are realised. The underlying assets are investment properties and properties held for resale. The Group considers it more appropriate to release the negative goodwill when these properties are sold and in proportion to their values at the time the negative goodwill arose.

#### **Turnover**

Turnover comprises the invoiced value of goods and services supplied by the Group, rental income and of properties held for resale, dilapidation receipts, insurance coveries, media activities and management charges, all excluding sales taxes, value added tax and trade discounts.

# Amshold Group Limited

## Notes to the financial statements (continued) For the year ended 30 June 2019

### 1. Accounting policies (continued)

#### Turnover (continued)

Income is recognised as it accrues and sales of properties held for resale are recognised on completion. Rent increases arising from rent reviews are taken into account when such reviews have been agreed with tenants. Incentives on leases are similarly spread on a straight-line basis over the lease term up to the earliest possible break. In accordance with the transitional provisions of FRS 102, incentives on leases which were in existence prior to the date of transition on 1 July 2013 have been spread over the shorter of the lease term and the period to the first break clause.

#### Investment properties

Investment properties for which fair value can be measured reliably without undue cost of effort on an ongoing basis are measured at fair value annually with any change recognised in the profit and loss account.

When contracts to purchase or sell investment properties are exchanged before the balance sheet date, the whole transaction will be reflected in the financial statements if the Directors believe that there are no significant obstacles in preventing the contract from completing and as a result of exchange, significant risk has passed to the buyer.

#### Investment property under development

Investment properties under development are revalued annually with any change recognised in the profit and loss account.

#### Other tangible fixed assets

Other tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to write off the cost, less estimated residual values, of tangible fixed assets over their estimated useful lives. The annual depreciation rates generally applicable are as follows:

Freehold Land and Buildings	Not depreciated
Motor Vehicles	25% on a reducing balance basis
Leasehold improvements	Over the shorter of the life of the lease and the useful life
Aircraft	Straight-line basis over 10 years
Office equipment	20% - 33% on a straight line basis
Fixtures & Fittings	20% - 25% on a straight line basis

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

##### i. Investments

Investments held as fixed assets by the Company, which entirely represent investments in group companies are stated at cost, less any provision for impairment in value.

##### ii. Financing costs

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

##### iii. Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

## **Amshold Group Limited**

### **Notes to the financial statements (continued) For the year ended 30 June 2019**

#### **1. Accounting policies (continued)**

##### **Properties held for resale**

Properties held as dealing stocks and other stocks and work in progress are included in the balance sheet at the lower of cost and net realisable value. Cost includes appropriate property purchase expenses.

##### **Operating leases**

Rental income from operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

##### **Taxation**

Current tax, including UK corporation and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to investment property is measured using the tax rates and allowances that apply to the sale of the asset.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

##### **Foreign currencies**

Transactions in foreign currencies are translated at the exchange rates ruling at the dates of the transactions. All monetary assets and liabilities are translated at the rates of exchange ruling at the balance sheet date. Properties held for resale are valued at cost and translated at the rate whenever the transaction prevailed. All exchange differences are dealt with through the profit and loss account.

##### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and factors that are considered to be relevant. Actual results may differ from these estimates.

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

##### *Critical judgements in applying the Group's accounting policies*

The Group frequently enters into transactions for the purchase and sale of investment property. These transactions can be complex. Accounting for the transactions requires judgements to be made such as calculating any gain or loss and deciding upon the presentation in the financial statements.

# Amshold Group Limited

## Notes to the financial statements (continued) For the year ended 30 June 2019

### 1. Accounting policies (continued)

#### Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Key sources of estimation uncertainty

In estimating the fair value of investment properties and properties held for resale, the directors make a number of assumptions including future rental income, future development costs and an appropriate discount rate. Note 12 to the financial statements details the valuation methods for investment properties. Properties held for resale are similarly valued but then included in the balance sheet at the lower of cost and net realisable value.

### 2. Turnover and segmental analysis

The turnover, operating profit and net assets of the Group are solely attributable to Property Trading and Investment and aircraft chartering.

An analysis of Group Turnover is as follows:

	2019 £'000	2018 £'000
<b>Turnover</b>		
Rent	18,356	17,857
Sale of property	78,553	16,204
Other income	1,496	908
	<u>98,405</u>	<u>34,969</u>

Other than where the Group sold properties in USA £2,097,000 (2018: £4,519,000), all turnover arose predominantly in the United Kingdom.

### 3. Information regarding directors and employees of the Group and Company

#### Directors' emoluments

	2019 £'000	2018 £'000
Directors remuneration	1,442	1,260
Pensions contribution	40	40
	<u>1,482</u>	<u>1,300</u>

The emoluments of the highest paid director were £536,517 (2018: £514,151). One director was a member of a defined contribution pension scheme to which the Group contributed in the current year (2018: one director). There are no share option schemes in the Group.

	2019 £'000	2018 £'000
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	2,546	2,333
Social security costs	326	329
Pension costs	118	102
	<u>2,990</u>	<u>2,764</u>

## Amshold Group Limited

### Notes to the financial statements (continued) For the year ended 30 June 2019

#### 3. Information regarding directors and employees of the Group and Company (continued)

Average staff numbers during the year	2019	2018
Directors	5	5
Administrative staff	17	18
	<u>22</u>	<u>23</u>

#### 4. Operating costs

	2019 £'000	2018 £'000
Changes in property stock valuations	-	97
Cost of property sales	76,219	15,020
Staff costs	2,990	2,764
Depreciation	350	129
Loss on sale of fixed assets	-	138
Amortisation of negative goodwill	-	(651)
Other operating charges	2,488	3,562
<b>Total operating costs</b>	<u>82,047</u>	<u>21,059</u>

#### 5. Interest receivable and similar income

Interest receivable and similar income can be split as follows:

	2019 £'000	2018 £'000
Bank and other interest	610	360
Exchange gains on foreign currency balances	84	125
	<u>694</u>	<u>485</u>

#### 6. Interest payable and similar charges

Interest payable and similar charges can be split as follows:

	2019 £'000	2018 £'000
Bank loans, other interest and overdrafts	14	3
	<u>14</u>	<u>3</u>

# Amshold Group Limited

## Notes to the financial statements (continued) For the year ended 30 June 2019

### 7. Profit on ordinary activities before taxation is after charging/(crediting)

	2019 £'000	2018 £'000
<b>Fees payable to the Company's auditor for</b>		
Audit of the Company's financial statements	74	72
Depreciation	350	129
Loss on sale of fixed assets	-	138
Amortisation of negative goodwill	-	(651)
Loss on disposal of investment properties	-	25,923

### 8. Tax charge on profit

#### (i) Analysis of tax charge/(credit) on profit/(loss)

	2019 £'000	2018 £'000
<b>Current tax</b>		
UK corporation tax on profit	3,030	3,062
Group Relief	-	(66)
Adjustments in respect of prior years	110	-
Overseas tax paid	26	-
Total current tax charge	3,166	2,996
<b>Deferred tax</b>		
Origination and reversal of timing differences	292	167
Loss on fair value movement of investment property	(713)	(11,255)
Adjustments in respect of prior years	23	-
Effects of decrease in tax rates on opening liability	(14)	3
Total deferred tax credit	(412)	(11,085)
Total tax charge/(credit) on profit	2,754	(8,089)

# Amshold Group Limited

## Notes to the financial statements (continued) For the year ended 30 June 2019

### 8. Tax charge on profit (continued)

#### (ii) Factors affecting tax charge/(credit) for the current year

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19% (2018: 19%). The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2019 £'000	2018 £'000
Profit/(Loss) before taxation	11,311	(40,238)
Tax charge/(credit) at 19% (2018: 19%):	2,149	(7,645)
Factors affecting charge:		
Expenses not deductible for tax purposes	(47)	2
Capital allowances in excess of depreciation	(12)	(193)
Adjustment in respect of prior years	133	-
Income not taxable	45	(224)
Effect of other tax rates / credits	1	(2)
Effects of indexation	275	(848)
Effects of changes in tax rates	71	46
Utilisation of tax losses not previously recognised	-	(67)
Origination and reversal of timing differences	140	10
Utilisation of tax losses	(1)	-
Effect of gains	-	832
Total tax charge/(credit) for year	2,754	(8,089)

The Finance Bill 2016 reduced the main rate of UK corporation tax to 17% with effect from 1 April 2020. This was enacted at the balance sheet date and therefore the deferred tax balance has been calculated at 17% (2017: 17%). Existing temporary differences on which deferred tax has been provided may therefore unwind in periods subject to these reduced rates.

### 9. Profit attributable to the Company

As permitted by Section 408 of the Companies Act 2006, the profit or loss of the parent company is not presented as part of these financial statements. The profit before tax for the year accounted for in the books of the parent company was £43,999,000 (2018: £47,273,000).

### 10. Dividends on equity shares

During the year, the Company declared £500,000 dividends on 6 December 2018 and £75,000,000 on 26 March 2019 totalling £75,500,000 (2018: £600,000).

## **Amshold Group Limited**

### **Notes to the financial statements (continued) For the year ended 30 June 2019**

#### **11. Intangible fixed assets**

	<b>Group Negative Goodwill £'000</b>
<b>Cost:</b>	
At 1 July 2018	(13,038)
Additions	-
At 30 June 2019	<u>(13,038)</u>
 <b>Accumulated amortisation</b>	
At 1 July 2018	7,731
Amortisation during the year	-
At 30 June 2019	<u>7,731</u>
 <b>Net book value</b>	
At 30 June 2019	<u>(5,307)</u>
At 30 June 2018	<u>(5,307)</u>

Negative goodwill arising on acquisition is credited to the balance sheet and released through the profit and loss account as the underlying assets are realised.



## Amshold Group Limited

### Notes to the financial statements (continued) For the year ended 30 June 2019

#### 12. Investment properties

	<b>Group Land &amp; Buildings Investment Property £'000</b>
At valuation:	
At 1 July 2018	405,966
Additions	10,746
Deficit on revaluation in the year	(5,727)
	<hr/>
At 30 June 2019	410,985
	<hr/>
Representing properties at cost	253,068
Plus net valuation surplus	157,917
	<hr/>
	410,985
	<hr/>

Since the EU Referendum held on 23 June 2016, there has been no significant market evidence of any adverse affect to property valuations in London, where the Group largely holds its investment property. The volume of lettings in the market remains less than prior to the referendum vote. We continue to monitor the market to see how both Brexit and other market forces affect future valuations. This is the primary evidence used in determining valuations and as such provides some uncertainty.

During the year the Group completed the purchase of 21-27 Church Street, Kingston for (£10,602,000).

During the year the Group sold no investment properties (2018: £43,658,750).

The majority of the investment properties were valued by the directors at 30 June 2019 on a valuation prepared internally by a qualified chartered surveyor, on a fair value basis. The remaining properties were valued externally at 30 June 2019. All valuations are at fair value and conform to RICS Valuation Professional Standards and were arrived at by reference to market evidence of the transaction prices for similar properties, yields and discount rates and are based on their professional judgement and market observation. The external valuers were qualified, independent and held a recognised and relevant professional qualification together with recent experience in the relevant location and type of property being valued.

The investment properties were valued at £410,985,336 as at 30 June 2019 (2018: £405,965,882). The valuation split as, freehold £375,237,000 and leasehold £35,748,000. The revaluation surplus at 30 June 2019 was £157,917,281 (2018: £163,644,161).

# Amshold Group Limited

## Notes to the financial statements (continued) For the year ended 30 June 2019

### 13. Other tangible fixed assets

#### Group

	Aircraft £'000	Freehold Land and Buildings £'000	Motor vehicle £'000	Fixture & Fittings £'000	Office equipment £'000	Total £'000
<b>Cost</b>						
At 1 July 2018	487	2,368	16	106	675	3,652
Additions	8,446	-	-	-	4	8,450
Disposal	-	-	-	-	-	-
At 30 June 2019	8,933	2,368	16	106	679	12,102
<b>Accumulated depreciation</b>						
At 1 July 2018	162	-	13	47	653	875
Charge for the year	312	-	1	26	11	350
Disposal	-	-	-	-	-	-
At 30 June 2019	474	-	14	73	664	1,225
<b>Net book value</b>						
At 30 June 2019	8,459	2,368	2	33	15	10,877
At 30 June 2018	325	2,368	3	59	22	2,777

#### Company

	Freehold Land and Buildings £'000	Motor vehicle £'000	Office equipment £'000	Total £'000
<b>Cost</b>				
At 1 July 2018	2,441	15	125	2,581
Additions	-	-	4	4
Disposal	-	-	-	-
At 30 June 2019	2,441	15	129	2,585
<b>Accumulated depreciation</b>				
At 1 July 2018	-	12	104	116
Charge for the year	-	1	11	12
Disposal	-	-	-	-
At 30 June 2019	-	13	115	128
<b>Net book value</b>				
At 30 June 2019	2,441	2	14	2,457
At 30 June 2018	2,441	3	21	2,465

## Amshold Group Limited

### Notes to the financial statements (continued) For the year ended 30 June 2019

#### 14. Investments held as fixed assets

##### Company

Investments held as fixed assets of £38,048,000 (2018: £54,563,000) represent shares in subsidiary undertakings and represent the cost of its investment in Amsprop Limited, Amshold Securities Limited and Amsprop London Limited. Additional information in respect of subsidiary undertakings is given in note 15.

#### 15. Additional disclosure in respect of subsidiary undertakings

The Groups subsidiary undertakings, which are all registered at Amshold House, Goldings Hill, Loughton, Essex IG10 2RW are as follows:

	Country of incorporation	Activity	UK company registration number	Portion of ordinary shares held and voting rights %
Amsair Aircraft Limited	United Kingdom	Plane chartering Intermediate holding	05845142	100
Amsprop Limited	United Kingdom	company	01873323	100
Amsprop Investments Limited	United Kingdom	Property investment	02477288	100
Amsprop Estates Limited	United Kingdom	Property trading	02801817	100
Amsprop Central Limited	United Kingdom	Property investment	04293793	100
Amsprop USA Holdings Limited	United Kingdom	Property investment	04293810	100
Amsprop Portland Limited	United Kingdom	Property investment	05893186	100
Amsprop Bishopsgate Limited	United Kingdom	Property investment	05893192	100
Amshold Securities Limited	United Kingdom	Administration of loan notes	03337575	100
Amstrad Consumer Electronics Company	United Kingdom	Administration	03006504	100
ACL (1997) Limited	United Kingdom	Administration	00942631	100
Amsprop London Limited	United Kingdom	Property investment	02344929	100
Amsprop Spain SL	Spain	Property trading	-	100
Amsprop USA Holding Inc.	United States	Property trading	-	100
Amshold International Limited	United Kingdom	Property trading	03710962	100
Amsprop City Properties Limited	United Kingdom	Property investment	04203471	100
Amsail Limited	United Kingdom	Dormant	05893262	100
Amsprop Residential Limited	United Kingdom	Property trading	10197316	100

The Company's only direct shareholdings at 30 June 2019 were Amsprop Limited, Amshold Securities Limited, Amsprop Residential Limited and Amsprop London Limited.

On 28<sup>th</sup> February 2019, the Group acquired Amsair Aircraft Limited from Amshold Trading Limited, a company wholly owned by Lord Sugar.

On 26 March 2019 the Company declared a dividend of £75,000,000. This dividend was paid in specie by the transfer of Amsprop REAT Limited. For consolidation purposes the assets and liabilities of Amsprop REAT Limited including its 4 properties has been treated as being sold by the Group.

Other than Amstrad Consumer Electronics Company, Amshold Securities Limited and ACL (1997) Limited, which are exempt under s480 of the Companies Act 2006, the above companies incorporated in the United Kingdom, are exempt from the requirements of the Companies Act relating to the audit of individual financial statements by virtue of s479A of the Companies Act 2006

# Amshold Group Limited

## Notes to the financial statements (continued) For the year ended 30 June 2019

### 16. Properties held for resale

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Properties held for resale	23,660	50,801

The difference between the balance sheet value of properties held for resale and their net realisable value at 30 June 2019 is £12,047,957 (2018: £13,819,304). The net realisable value is higher than carrying value.

The decrease in properties held for resale is due to:

- The third party sales of one flat at Bennet House, London and a property in Boca Raton, Florida USA. The cost of these properties at 30 June 2018 were £4,473,000 and £1,504,000 respectively; and
- The distribution of

Amsprop REAT Limited via a dividend to Lord Sugar. Amsprop REAT Limited held 4 properties and other assets with a total value of £75m of which £23,578,000 was held as properties for resale at 30 June 2018. The increase in the year reflected the acquisition of one property at a cost of £42.6m, the remainder reflecting development costs.

During the year, the Group spent £2,356,000 on developing 2 properties in the USA totalling and £58,000 on developing Bennet House, London.

### 17. Debtors

	<b>Company</b>		<b>Group</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	23	-	1,386	729
Other debtors	107	132	121	134
Amounts due from subsidiary undertakings	131,270	88,928	-	-
Related party loans	3,965	17,806	3,965	17,806
Prepayments and accrued income	237	123	2,784	1,504
	<u>135,602</u>	<u>106,989</u>	<u>8,256</u>	<u>20,173</u>

Other debtors for the Group includes £3,965,000 (2018: £6,915,000) loaned to Amshold Trading Limited and £0 (2018: £10,891,000) to Amsair Aircraft Limited, both at commercial rates of interest and repayable on demand. Amshold Trading Limited is ultimately controlled by Lord Sugar.

### 18. Cash at bank and in hand

	<b>Company</b>		<b>Group</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	46,949	90,269	62,181	110,778
Tenant deposits	-	-	2,817	2,650
	<u>46,949</u>	<u>90,269</u>	<u>64,998</u>	<u>113,428</u>

In accordance with the terms of the lease agreements access to tenant deposits is restricted.

# Amshold Group Limited

## Notes to the financial statements (continued) For the year ended 30 June 2019

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

	Company		Group	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade creditors	577	13	818	603
Corporation tax	229	350	1,755	1,746
Other taxes and social security costs	108	125	871	9,166
Other creditors	90	270	3,162	2,976
Accruals and deferred income	181	102	6,706	5,859
	<u>1,185</u>	<u>860</u>	<u>13,312</u>	<u>20,350</u>

Other creditors include director loans of £10,000 (2018: £195,000)

### 20. Provisions for liabilities

Deferred tax can be split as follows as follows:-

	Deferred tax	
	2019	2018
	£'000	£'000
At 1 July	(32,369)	(43,454)
Credit to the profit and loss account – current year	411	11,085
Charge to the profit and loss account – prior year	(23)	-
At 30 June	<u>(31,981)</u>	<u>(32,369)</u>
<b>Analysis of deferred tax provision:</b>		
	2019	2018
	£'000	£'000
Capital allowances that are less than depreciation	(3,793)	(3,470)
Unutilised Capital Losses	70	72
Potential gain on fixed asset investment	(8,292)	(8,292)
Deferred tax on retained surplus on revaluation of property	(19,966)	(20,679)
	<u>(31,981)</u>	<u>(32,369)</u>

The Company had a deferred tax liability at 30 June 2019 of £44,643 (2017: £37,248) representing capital allowances in excess of depreciation.

### 21. Called up share capital

	2019	2018
	£'000	£'000
<b>Called up, allotted and fully paid:</b>		
35,522,513 (2017: 35,522,513) ordinary shares of £1 each	<u>35,523</u>	<u>35,523</u>

## Amshold Group Limited

### Notes to the financial statements (continued) For the year ended 30 June 2019

#### 22. Reserves

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

#### 23. Notes to the consolidated cash flow statement

##### Reconciliation of operating profit to net cash inflow from operating activities

	2019 £'000	2018 £'000
Group operating profit/(loss)	10,631	(40,720)
Depreciation charge	350	129
Fair value movement on investment property	5,727	28,707
Payments to develop and acquire investment properties	(10,746)	(10,384)
Proceeds from sale of investment properties	-	43,656
Loss on sales of investment properties	-	25,923
Interest paid and similar charges	(14)	(3)
Loss on disposal of fixed assets	-	138
Release of negative goodwill	-	(651)
Non-cash proceeds from sale of properties held for resale	(75,000)	-
Decrease/(Increase) in properties held for resale	27,141	(13,436)
Decrease in debtors	11,910	48,920
(Decrease)/Increase in creditors	(7,044)	1,422
Stock transfer	-	17,286
Corporation tax paid	(3,126)	(7,912)
Net cash (outflow)/inflow from operating activities	(40,171)	93,075

#### 24. Capital commitments

At 30 June 2018 the Group had capital commitments of £nil (2018: £nil) in relation to properties under development.

#### 25. Operating lease income

The future minimum lease rentals receivable under non-cancellable operating leases are as follows:-

	2019 £'000	2018 £'000
Receivable in not later than one year	17,583	17,177
Receivable in later than one year but not later than five years	57,457	60,644
Receivable in later than five years	96,563	91,350
	171,603	169,171

The Group enters into operating leases for the occupation of its properties. Some of the income from these is contingent on publicly quoted inflationary indexes. The amount of rent changes in any one year due to these indexes is immaterial.

## Amshold Group Limited

### Notes to the financial statements (continued) For the year ended 30 June 2019

#### 26. Disposal of subsidiary undertaking

On 26 March 2019 the Group sold its 100 per cent interest in the ordinary share capital of Amsprop REAT Limited.

Net assets disposed of and the related sale proceeds were as follows:

	<b>2019 £'000</b>
Current assets	75,744
Creditors	(744)
	<hr/>
Net assets	75,000
	<hr/>
Profit on sale	-
	<hr/>
Sale proceeds	75,000
	<hr/>
Satisfied by: Distribution in specie	

#### 27. Related party transactions

During the year the Group received £2,950,000 (2018: loaned £1,367,000) from Amshold Trading Limited, a company ultimately controlled by Lord Sugar as repayment towards their loan. During the year the Company charged Amshold Trading Limited £10,000 (2018: £10,000) for services.

During the year the Company charged Amstar Entertainment Limited, a company ultimately controlled by Lord Sugar, £1,000 (2018: £5,000) for services.

During the year the Company charged Amstar Media Limited, a company ultimately controlled by Lord Sugar, £50,000 (2018: £50,000) for services.

During the year the Company charged Amsvest Limited, a company ultimately controlled by Lord Sugar, £10,000 (2018: £10,000) for services.

On 28 February 2019, Amshold Group Limited purchased the entire share capital of Amsair Aircraft Limited from Amshold Trading Limited, a company wholly owned by Lord Sugar. The transfer was done at fair market value.

#### 28. Controlling party

The immediate parent Company is Amshold Limited and the ultimate controlling party is Lord Sugar.

The Company is wholly-owned by Lord Sugar and is the ultimate parent company of the Group.

#### 29. Post balance sheet events

On 23 September 2019 the Group exchanged on the purchase of 4, 6-6A Clarence Street, Kingston-upon-Thames, KT1 1PA, for £10,000,000.