

Company Registration No. 06127869

STOW SECURITIES PLC

Annual Report and Financial Statements

31 December 2015



STOW SECURITIES PLC

Annual Report and Financial Statements Contents

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STOW SECURITIES PLC

Annual Report and Financial Statements Officers and professional advisers

Directors	J R Milne
	S T Mainee
Company Secretary	S T Mainee
Registered Office	86 Brook Street London W1K 5AY England
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom

STOW SECURITIES PLC

Strategic report

The directors' present the Strategic Report on the company for the year ended 31 December 2015.

Our strategic priorities

The company has key objectives, to deliver an excellent asset and development management service catering for its group companies strategic aims and to improve the group's long term capital appreciation in an efficient manner.

Review of the business

The results for the year are set out in the profit and loss account on page 5.

Key performance indicators

The company's main objective is to assist the group's companies in achieving capital appreciation for its ultimate shareholders over the medium to long term time horizons with particular importance given to maximising revenue generation with a proportional exposure to financing costs and overheads, where appropriate. As such the company does not attach significant importance to other "key performance indicators" having regard to its objectives, size and sector focus.

Principal risks and uncertainties

Market risk

The company does not have any exposure to variations in the value of the group's investments however the company advises the group's companies of real and forecast market risks by keeping aware of market trends for both rental and capital values in the locality of its investments.

By order of the board



.....
S T Mainee

Director

Dated  June 2016

Registered office

86 Brook Street
London W1K 5AY

STOW SECURITIES PLC

Directors' report

The directors present the annual report and the audited financial statements for the year ended 31 December 2015. Due to changes in accounting reporting requirements the Company has adopted FRS 102 "new UK GAAP" in this year's annual report and accounts.

Future developments

The principal activity of the Company during the year was that of a management and administration company and expects to continue this activity for the foreseeable future. See note 1 for further details and other considerations of the Company's ability to continue as a going concern.

Dividends

The profit after taxation for the year amounted to £ 218,820 (2014 - £ 353,726). No dividend was paid during the year to the company's shareholders (2014 - £ 200,000).

Financial risk

The company's exposure to price risks, credit risks, liquidity risks and cash flow risks is not considered to be material for the assessment of the assets, liabilities, financial position and profit or loss.

Directors and their interests

The directors who served the Company during the year and subsequently were as follows:

J R Milne
S T Mainee

The Company is a wholly owned subsidiary and interests of the group directors are disclosed in the financial statements of the parent company.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit and 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who are 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 are unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make him/her aware of any relevant audit information and to establish that the company's auditor are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006. Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Date ^{29th} June 2016

S T Mainee
Company Secretary

STOW SECURITIES PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STOW SECURITIES PLC

We have audited the financial statements of Stow Securities plc for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes of Equity, and the related notes 1 to 16. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. 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 company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Philip Doherty

Philip Doherty FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

Date 29 June 2016

STOW SECURITIES PLC

Profit and loss account Year ended 31 December 2015

		Year to 31 December 2015 £	Year to 31 December 2014 (Restated) £
	Note		
Turnover	5	2,940,542	3,274,250
Administrative expenses		(2,673,219)	(2,992,318)
Operating profit	6	267,323	281,932
Profit on ordinary activities before taxation		267,323	281,932
Tax (charge)/credit on profit on ordinary activities	8	(48,503)	71,794
Profit for the financial year		218,820	353,726

All of the activities of the Company are classed as continuing.

STOW SECURITIES PLC

Statement of comprehensive income Year ended 31 December 2015

	Year to 31 December 2015 £	Year to 31 December 2014 (Restated) £
Profit for the financial year	218,820	353,726
Share of other comprehensive income of associates	<u>0</u>	<u>0</u>
Total comprehensive income for the financial year	<u>218,820</u>	<u>353,726</u>
 Total comprehensive income for the financial year attributable to:		
Owners of the parent	<u>218,820</u>	<u>353,726</u>
Non-controlling interests	<u>0</u>	<u>0</u>

STOW SECURITIES PLC

Balance sheet

As at 31 December 2015

	Note	£	2015 £	2014 (Restated) £
Fixed assets				
Tangible assets	10		363,860	405,336
Current assets				
Debtors	11	2,123,507	3,377,119	
Cash at bank		210,894	47,223	
		<u>2,334,401</u>	<u>3,424,342</u>	
Creditors: amounts falling due within one year	12	<u>(2,227,211)</u>	<u>(3,577,448)</u>	
Net current assets/(liabilities)			107,190	(153,106)
Net Assets			<u>471,050</u>	<u>252,230</u>
Capital and reserves				
Called up share capital	14		50,000	50,000
Profit and loss account			421,050	202,230
Shareholders' surplus			<u>471,050</u>	<u>252,230</u>

These financial statements were approved by the Board of Directors on 29th June 2016

Signed on behalf of the Board of Directors, registered number 06127869



J R Milne
Director



S T Mainee
Director

STOW SECURITIES PLC

Statement of changes in equity As at 31 December 2015

	Called up share capital	Profit and loss account	Total
	£	£	£
At 1 January 2014	50,000	48,504	98,504
Profit for the financial year	0	353,726	353,726
Dividend for the financial year	0	(200,000)	(200,000)
<hr/>			
At 31 December 2014	50,000	202,230	252,230
Profit for the financial year	0	218,820	218,820
<hr/>			
At 31 December 2015	50,000	421,050	471,050

STOW SECURITIES PLC

Notes to the financial statements Year ended 31 December 2015

1. Company information

Stow Securities plc ("the company") is a management and administration company which manages investment properties in Central London and Heathrow, England, on behalf of the wider group.

The company is a private company limited by shares and is incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is 86 Brook Street, London W1K 5AY.

2. Basis of preparation

These financial statements are prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102') and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 16 for an explanation of the transition.

The financial statements are presented in Sterling (£), being the functional currency of the Company being the currency of the primary economic environment in which the Company operates.

Stow Securities plc 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. Stow Securities plc is consolidated in the financial statements of its parent Stow Capital Partners Limited. Exemptions have been taken in these separate Company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going concern

The company has net assets as at 31 December 2015 and is not reliant on the support of its parent company, Stow Capital Partners Limited, to be able to meet its liabilities as they fall due.

After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Tangible assets – the reported carrying value of the fixed assets as at the balance sheet date

4. Principal accounting policies

Taxation

Current tax, including UK income 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 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.

Turnover

Management fees for the provision of management and administration services, exclusive of Value Added Tax.

5. Turnover

The turnover and profit before tax are attributable to the one principal activity of the Company:

An analysis of turnover is given below:

	2015	2014
	£	£
United Kingdom	<u>2,940,542</u>	<u>3,274,250</u>

STOW SECURITIES PLC

Notes to the financial statements Year ended 31 December 2015

6. Operating profit

	2015 £	2014 £
Operating profit is after charging		
Depreciation of tangible assets	53,000	36,938
Fees payable for the audit of the Company's annual accounts	3,550	3,000
Staff costs (note 7)	2,069,516	2,604,011

7. Director and employee remuneration

	2015 £	2014 £
Wages and salaries	1,767,775	2,253,624
Social security costs	231,088	292,991
Other pension costs	70,653	57,396
	<u>2,069,516</u>	<u>2,604,011</u>

The average number of persons employed by the group (including directors) during the year was 9 (2014 – 10).

Directors' emoluments:

Employment costs include the following remuneration in respect of directors:

	2015 £	2014 £
Emoluments (including employer's NI)	1,435,371	1,959,094
Pension contributions	37,274	37,487
	<u>1,472,645</u>	<u>1,996,581</u>

The number of directors who:

are members of a money purchase
pension scheme

Number	Number
<u>1</u>	<u>1</u>

The above relates to company contribution towards a personal
money purchase pension scheme

Remuneration of the highest paid director

	2015 £	2014 £
Emoluments	<u>1,046,412</u>	<u>1,494,105</u>

STOW SECURITIES PLC

Notes to the financial statements Year ended 31 December 2015

8. Tax on profit on ordinary activities

The tax charge comprises:

	2015 £	2014 £
Current tax charge – current year	86,645	166,918
Adjustment in respect of prior year	(7,415)	(43,429)
Total current tax	79,230	123,489
Deferred tax:		
Origination and reversal of timing differences	(40,135)	(195,283)
Effect of decrease in tax rate on opening asset	9,408	0
Total deferred tax (see note 13)	(30,727)	(195,283)
Total tax on profit on ordinary activities	48,503	(71,794)

On 1 April 2015, the UK corporation tax rate was reduced from 21% to 20%. A further reduction to 19% from 1 April 2017 and then to 18% from 1 April 2020 was enacted by Finance (No.2) Act 2015.

A current rate of 20.25% (3 months of the year at 21%, 9 months at 20%) has been applied to the profit for the year ended 31 December 2015 (2014 - 21.5%). A deferred tax rate of 20% has been applied to the opening balance and movements in deferred tax in the year ended 31 December 2015.

Reconciliation of the tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 20.25% (2014 – 21.50%).

	2015 £	2014 £
Profit on ordinary activities before taxation	267,323	281,932
Profit on ordinary activities by rate of tax	54,133	60,615
Effects of:		
Income not taxable	0	(55,255)
Expenses not deductible for tax purposes	8,412	10,608
Group relief not paid for	(12,850)	(47,715)
Accounting adjustment on FRS 102 transition	(3,185)	3,382
Impact on deferred tax of reduction in tax rate	9,408	0
Adjustment to tax charge in respect of previous periods	(7,415)	(43,429)
Total tax charge/(credit) for the year	48,503	(71,794)

9. Dividends

No dividend was paid on the ordinary shares during the year £ 0 (2014 - £ 200,000) being at the rate of £ 0.00 per share (2014 - £ 4.00 per share).

STOW SECURITIES PLC

Notes to the financial statements Year ended 31 December 2015

10. Tangible fixed assets

Cost	Leasehold improvements £	Office equipment, fixtures and fittings £	Total £
At 1 January 2015	388,670	71,497	460,167
Additions in the year	10,074	1,450	11,524
Disposal in the year	0	(1,849)	(1,849)
At 31 December 2015	398,744	71,098	469,842
Depreciation			
At 1 January 2015	25,910	28,921	54,831
Charge for the year	39,874	13,126	53,000
Disposal for the year	0	(1,849)	(1,849)
	65,784	40,198	105,982
Net book value			
At 31 December 2015	332,960	30,900	363,860
At 31 December 2014	362,760	42,576	405,336

11. Debtors

	2015 £	2014 £
Trade debtors	0	15,000
Deferred tax (see note 13)	228,278	197,551
Other debtors	10,952	5,014
VAT	21,854	0
Amounts owed by group undertakings	1,750,171	3,074,250
Prepayments and accrued income	112,252	85,304
	2,123,507	3,377,119

The intercompany balances included within "Amounts owed by group undertakings" above do not attract any interest on the balances outstanding at the year end and are repayable on demand.

12. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	161,379	55,908
Amounts due to group companies	0	1,604,297
Corporation tax payable	19,113	157,496
VAT	0	51,537
Other tax and social security	249,482	24,984
Accruals and deferred income	1,797,237	1,683,226
	2,227,211	3,577,448

STOW SECURITIES PLC

Notes to the financial statements Year ended 31 December 2015

12. Creditors: amounts falling due within one year (continued)

The intercompany balances included within "Amounts due to group companies" above do not attract any interest on the balances outstanding at the year end and are repayable on demand.

13. Deferred taxation

The movement in the deferred taxation during the year was:

	2015 £	2014 £
Balance brought forward	197,551	2,268
Profit and loss account movement arising during the year	30,727	195,283
Balance carried forward	<u>228,278</u>	<u>197,551</u>

The deferred tax asset consists of the tax effect of timing differences in respect of:

	2015 recognised £	2014 recognised £
Excess of capital allowances over depreciation on fixed assets	11,223	7,543
Other short term timing differences	217,055	190,008
	<u>228,278</u>	<u>197,551</u>

During the year beginning 1 January 2016, the net reversal of deferred tax assets is expected to decrease the corporation tax charge for the year by £211,088. This primarily relates to reversal of timing differences on director performance related incentive payments.

There are no unprovided deferred tax balances available to the Company.

14. Called up share capital

	2015 £	2014 £
Called up, allotted and fully paid		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

15. Immediate and ultimate parent company

The Company is a wholly owned subsidiary of Stow Capital Partners Limited. The directors regard Stow Capital Partners Limited, a company registered in Bermuda, as the immediate and the ultimate parent company.

Stow Capital Partners Limited is the smallest and largest group Company's accounts are consolidated into.

16. Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The following disclosures are required in the year of transition. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard.

STOW SECURITIES PLC

Notes to the financial statements Year ended 31 December 2015

16. Explanation of transition to FRS 102 (continued)

Reconciliation of equity

	At 1 January 2014 £	At 31 December 2014 £
Equity reported under previous UK GAAP	98,504	267,957
Adjustments to equity on transition to FRS 102		
*Rent free period adjustment for operating leases	0	(15,727)
Equity reported under FRS 102	98,504	252,230

Reconciliation of profit or loss for 2014

	£
Profit for the financial year under previous UK GAAP	369,453
*Rent free period adjustment for operating leases	(15,727)
Restated profit for the financial year under FRS 102	353,726

*Rent free periods for operating leases

Under previous UK GAAP operating lease incentives, including rent free periods and fit-out contributions, were spread over the shorter of the lease period or the period to when the rental was set to a fair market rent. FRS 102 requires that such incentives to be spread over the lease period. Accordingly the FRS 102 accounting policy has been applied to all operating leases and the operating lease rental charge has been increased by £ 15,727 for the year ended 31 December 2014, with a corresponding increase in the lease liability at 31 December 2014.