THE CARDIFF PROPERTY plc
ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

www.cardiff-property.com
Stock code: CDFF

THE CARDIFF PROPERTY plc

The group, including Campmoss, specialises in property investment and development in the Thames Valley.

The total portfolio under management, valued in excess of £34m, is primarily located to the west of London, close to Heathrow Airport and in Surrey and Berkshire.

OUR MISSION

The group seeks to enhance shareholder value by developing its property portfolio and through strategic acquisitions.

CONTENTS

"During the period under review activity in the Thames Valley commercial property market showed a marked improvement. The level of enquiries and new lettings were substantially ahead of last year, principally from small and medium sized businesses having the confidence to commit to expansion. Most new leases continue to be for terms of up to 10 years, often with a mutual break at 5 years, and exclude tenant incentives such as rent free periods."

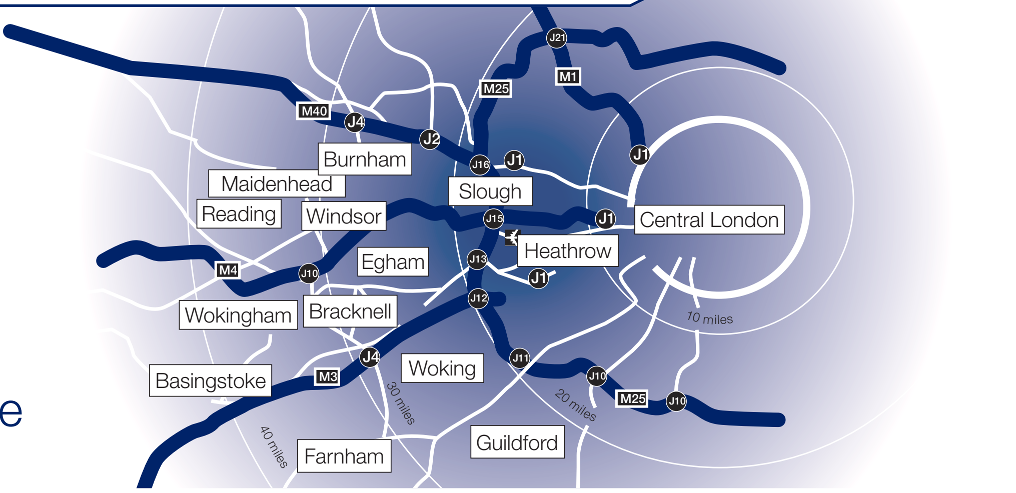
J Richard Wollenberg
Chairman

FINANCIAL HIGHLIGHTS

		2014	2013
Net Assets	£'000	**19,658**	16,889
Net Assets Per Share	pence	**1,500**	1,277
Profit Before Tax	£'000	**3,218**	1,319
Earnings Per Share – Basic	pence	**236.5**	94.2
Dividend Per Share	pence	**12.95**	12.55
Gearing	%	**nil**	nil

LOCATIONS

The group specialises in property investment and development in the Thames Valley.



BRACKNELL

1-10 Market Street*
11 retail units on ground and first floors totalling 7,900 sq ft. Let primarily to local businesses on short and medium term leases producing £149,500 pa.

Alston House, 25 Market Street*
2 industrial units totalling 6,000 sq ft producing £32,500 pa. Planning permission granted for the development of a two storey building accommodating 10 retail units totalling 12,350 sq ft (1,148 sq m). Demolition and new build proposed to commence early 2016.

Brickfields*
16 business units and 1 office unit totalling 35,000 sq ft (3 units sold). Tenants include Kingston Communications plc, Verizon UK, BSS Group, Reeves Butchers and National Car Rental producing £287,000 pa.

Gowring House Apartments*
A new, stylish and secure development of 18 one and two bedroom apartments over three upper floors with lift access. Conveniently located for Bracknell railway station with direct connections to London Waterloo and Reading. Within walking distance of the town and Peel Shopping Centres and major supermarkets. Apartments from £190,000 (available November 2014) with 10 year insurance backed warranty.

Gowring House Commercial*
3 ground floor retail units and first and second floors let on medium term leases producing £135,000 pa.

Westview*
Development, adjacent to Gowring House, of a new 2 storey building to accommodate 8 retail units totalling 11,570 sq ft. Completion early 2015.

BURNHAM

The Priory*
26,000 sq ft headquarters office building. 9,000 sq ft used as a business centre and three floors of adjacent offices. Tenants include Click Software, Pharmaxis and BEST producing gross income of £380,000 pa. 1 floor of offices available.

CARDIFF

Mail Sorting Centre
14,650 sq ft let to The Royal Mail at £40,000 pa.

EGHAM

Heritage Court
4 retail and office units totalling 3,000 sq ft producing £63,800 pa.

Runnymede Road
Residential property adjacent to The White House. Let on an Assured Shorthold Tenancy producing £18,600 pa.

Station Road
Company head office totalling 1,200 sq ft.

The White House
5 retail units with one floor of offices over totalling 12,000 sq ft. Tenants include Boots, Shaw Trust and Riven Associates, producing £184,000 pa.

GUILDFORD

Worplesdon View, Worplesdon*
78 bedroom, 3 storey care home completed in 2012 and let on a long lease to Barchester Healthcare Homes at £837,400 pa.

MAIDENHEAD

Clivemont House*
Building demolished. Planning approval for new 49,000 sq ft net B1 office scheme. Agents appointed to seek a pre-letting. Available 2016. Alternative uses for the site being considered.

Highway House*
Building demolished. Planning approval for a new 45,000 sq ft net B1 office scheme. Agents appointed to seek a pre-letting. Available 2016.

Maidenhead Enterprise Centre
6 business units totalling 14,000 sq ft let to local businesses on short and medium term leases producing £101,000 pa.

SLOUGH

Datchet Meadows*
Development of 37 apartments. 35 units have been sold, of which 19 were sold during the financial year ended 30 September 2014. 1 unit is currently under offer and 1 is available.

WINDSOR

Windsor Business Centre
4 business units totalling 9,500 sq ft let on short term leases producing £150,000 pa. Tenants include Joyce Meyer Ministries and ETAP.

WOKING

Britannia Wharf*
27,743 sq ft net office building let on short term leases. Tenants include DB Apparel, Ventyx and I T Thread producing £400,000 pa. Part of the lower ground floor and part of the second floor offices are available.

*Owned by joint venture

CHAIRMAN'S STATEMENT AND PROPERTY REVIEW

Dear shareholder

During the period under review activity in the Thames Valley commercial property market showed a marked improvement. The level of enquiries and new lettings were substantially ahead of last year, principally from small and medium sized businesses having the confidence to commit to expansion. Most new leases continue to be for terms of up to 10 years, often with a mutual break at 5 years, and exclude tenant incentives such as rent free periods.

The investment market also improved with businesses being able to access new funding on more competitive terms and purchasing long leasehold or freehold property. An increase in interest rates is still anticipated next year and the Eurozone economies remain a concern yet in anticipation of a recovery in commercial property rental levels long term investors remain active.

Residential values and rental yields in Surrey and Berkshire, the group's main geographical area of operation, remained unchanged over the year. The anticipated completion of Crossrail is attracting investment in those towns along the route and the possibility of Crossrail 2 will provide further support for the Thames Valley.

FINANCIAL

For the year to 30 September 2014 group profit before tax was £3.22m (2013: £1.32m). This figure includes a revaluation increase of £0.67m (2013: deficit £0.15m) for the group and a profit of £2.08m (2013: £1.07m) in respect of our after tax share of Campmoss Property Company Limited, our 47.62% joint venture.

Revenue for the year, excluding Campmoss, totalled £0.53m (2013: £0.49m) representing gross rental income. Group share of revenue at Campmoss was £3.61m (2013: £2.16m) represented by gross rental income of £1.45m (2013: £1.52m) and property sales, as referred to later in this report, of £2.16m (2013: £0.64m). These latter figures are not included in group revenue.

The profit after tax attributable to shareholders for the financial year, was £3.12m (2013: £1.25m) and the earnings per share was 236.5p (2013: 94.2p).

At the year end the commercial and residential property portfolio was valued by Cushman & Wakefield LLP and Nevin & Wright totalling £4.51m (2013: £3.84m). This value excludes own use freehold property, which is included under property, plant and equipment in the balance sheet and which is held at valuation, together with property under development or refurbishment.

Property held for resale is held as stock at the lower of cost or net realisable value. At the year end, this represented commercial property at The Windsor Business Centre.

The group's total property portfolio, including the Campmoss investment and development portfolio, was valued at £34.5m (2013: £33.2m). The company's share of the net assets of Campmoss was £9.4m (2013: £7.3m).

Net assets at the year end was £19.7m (2013: £16.9m) equivalent to 1,500p per share (2013: 1,277p) an increase of 17.5% over the year (2013: 6%).

The group, including Campmoss, has adequate financial facilities and resources to complete the current development and refurbishment programme. Cash balances are placed on short term deposit. At the year end the company had nil gearing (2013: nil).

During the year the company purchased and cancelled 12,241 ordinary shares for a total cost of £123,126. Your directors are proposing the annual renewal of their authority to acquire shares and of the approval of the Rule 9 Waiver. Both will be included in the resolutions being placed before shareholders at the Annual General Meeting and General Meeting respectively to be held on 22 January 2015. Full details of the Rule 9 Waiver are set out in the document accompanying this report and are also available on the company's website www.cardiff-property.com

Current IFRS accounting recommends that deferred tax is chargeable on the difference between the indexed cost of properties held and the current market value. This practice is not adopted under IFRS, however, in respect of investments held by the company. These are held at current market value, where applicable, or directors' valuation and accounting for potential deferred taxation is not allowed in accordance with current IFRS rules. The investment in Campmoss is a

CHAIRMAN'S STATEMENT
AND PROPERTY REVIEW CONTINUED

	Dividend per share pence	Net assets per share pence	Profit before tax £'000	Earnings per share pence
2014	12.95	1,500	3,218	236.5
2013	12.55	1,277	1,319	94.2
2012	12.3	1,205	435	26.5
2011	12.3	1,174	788	50.3
2010	12.3	1,129	500	20.9

substantial part of the company's net assets. For indicative purposes a disposal of the investment based on the value in the company balance sheet at the year end could generate a tax liability that would equate to £1.77m (2013: £1.40m) equivalent to 135p (2013: 106p) per share. This information is provided as an additional, non-statutory disclosure.

DIVIDEND

The directors recommend a final dividend of 9.55p per share (2013: 9.25p) making a total dividend for the year of 12.95p (2013: 12.55p) an increase of 3.2%. The final dividend would be paid on 19 February 2015 to shareholders on the register at 30 January 2015.

THE PROPERTY PORTFOLIO

The group continues to concentrate its activities in the Thames Valley primarily to the west of London close to Heathrow Airport and in Surrey and Berkshire.

The Maidenhead Enterprise Centre. Maidenhead, comprises 6 business units totalling 14,000 sq ft. All units are now let on short and medium term leases which incorporate increased rental levels over the first 5 years.

The White House, Egham comprises 5 ground floor retail units with offices above. All retail and office space is now occupied on medium term leases.

The Windsor Business Centre, Windsor, totals 9,500 sq ft. All 4 business units are let with 2 leases due to expire during 2016.

Heritage Court, Egham, comprises 4 retail units all of which are let on medium term leases.

The company occupies its own freehold office in Egham and retains a freehold residential property in Egham which is let on an Assured Shorthold Tenancy Agreement.

The property at Cowbridge Road, Cardiff, is let on a medium term lease to Royal Mail as a mail sorting centre.

CAMPMOSS PROPERTY COMPANY LIMITED

During the year Campmoss continued to refurbish and upgrade its property portfolio, negotiate new lettings and progress its development and sales programme. The company retains freehold office, retail and residential property and a care home in Bracknell, Burnham, Slough, Maidenhead, Woking and Worplesdon.

At Datchet Meadows, located between Datchet and Slough, 19 apartments were sold during the current financial year. The original development comprised thirty seven 1, 2 and 3 bedroom apartments. At the year end, 2 apartments remained available for sale, of which 1 is currently under offer.

At Market Street, Bracknell, adjacent to our property at Gowring House, planning permission was granted to demolish 2 existing commercial buildings and replace with 2 separate 2 storey buildings to incorporate 18 new retail units. Development of the first phase of 8 units commenced earlier this year and completion is anticipated early in the New Year. Negotiations to pre-let 4 of the units are well advanced. The second phase is expected to commence at the end of 2015.

At Gowring House, Bracknell, all 3 ground floor retail units are let on medium term leases with a majority of the first and second floors let to a fitness centre. One small suite remains available for letting. Following the government planning initiative last year, conversion of the top 3 floors at Gowring House, originally offices, into eighteen 1 and 2 bedroom stylish apartments is close to completion. The apartments will be marketed for sale on long leaseholds or let on Assured Shorthold Tenancy Agreements.

At the north eastern end of Market Street, Bracknell, the company retains 11 retail units all of which are currently let to local businesses on medium term leases.

At Brickfields, Bracknell, 16 business units and an adjoining office unit are let on short or medium term leases. Part of 1 unit is occupied by Campmoss. 3 units have been sold, 1 since the year end, on long leaseholds. Lettings achieved during the year indicate an increase in rental of approximately 10%.

Highway House and Clivemont House, Maidenhead, are both vacant sites with previous planning permissions to develop individual office schemes. The directors continue to seek a partial or pre-let before commencing any development at Highway House whilst negotiations for a residential scheme at Clivemont House continue with the local authority.

At Britannia Wharf, Woking, an office building of 28,000 sq ft, negotiations with a tenant to surrender their lease on 2 of the floors were completed in June and following refurbishment part of that area has now been re-let to 2 new tenants on a short term basis. Further short term lettings are currently being progressed.

At Worplesdon View, Worplesdon, a 78 bedroom care home is let to Barchester Healthcare Homes on a 35 year institutional lease with rent increasing annually in line with RPI. Planning permission for additional rooms at the property has been granted and discussions with the tenant are in progress. The adjacent land, which is owned by Campmoss, is expected to form part of future development plans.

At The Priory, Burnham, the 26,000 sq ft office building comprises a new office building on 3 floors totalling 17,000 sq ft and an adjoining Grade II Listed office building of 9,000 sq ft used as a business centre. The ground and first floor of the new building is let on a medium term lease. The second floor is available for letting following completion of refurbishment works. The business centre is fully let on short term leases.

At the year end the investment portfolio was valued by the directors of Campmoss, taking into account external advice where available and assessed at a current market value of £26.4m (2013: £25.0m).

The residential schemes comprising the 3 top floors of Gowring House, Bracknell and the 2 remaining apartments at Datchet Meadows are included in stock valued at cost at £2.7m (2013: £3.5m).

The total portfolio value under management is £29.1m (2013: £28.5m). Total revenue received amounted to £7.6m (2013: £4.5m) representing gross rental income of £3.1m (2013: £3.2m) and sales of development property of £4.5m (2013: £1.3m). At the year end net borrowing amounted to £6m (2013: £10.3m) and gearing was 29% (2013: 67%).

QUOTED INVESTMENTS

The company retains a small portfolio comprising holdings in 2 fixed interest retail bonds in The Renewables Infrastructure Group Ltd and A2D Funding plc and ordinary shares in General Industries plc, listed on the London Stock Exchange and ImmuPharma Plc and Galileo Resources plc listed on AIM. I remain a director of Galileo Resources plc and General Industries plc.

MANAGEMENT AND TEAM

The group has again experienced a busy year and on behalf of shareholders I would wish to take this opportunity of thanking both our small team and our joint venture partner for their efforts, achievements and support during the year. The intensive day to day management of the group's portfolio remains essential in achieving continued success.

OUTLOOK

The increased contribution from Campmoss for the current year primarily resulted from the sale of apartments at Datchet Meadows, Slough and a lease surrender at Britannia Wharf, Woking. During the year to 30 September 2015 these particular revenue streams will not be repeated.

Pre-letting enquiries for the new retail scheme at Bracknell are very encouraging and initial interest in the adjacent residential scheme is positive. The joint venture with Campmoss continues to progress. As a result of property sales, Campmoss has reduced indebtedness.

There are still economic uncertainties concerning the Eurozone and the wider international economy which will impact on and probably delay further economic recovery in the UK; however, I look forward to reporting further progress at the half year stage.

J Richard Wollenberg
Chairman
26 November 2014

STRATEGIC REPORT

UNDERSTANDING OUR BUSINESS

The group specialises in property investment and development in the Thames Valley. The total portfolio under management, including the total value of properties owned by our 47.62% joint venture, Campmoss Property Company Limited, is valued at the year end in excess of £34m, is primarily located to the west of London, close to Heathrow Airport and in Surrey and Berkshire and comprises a mix of high grade office developments, industrial and commercial units and a care home, plus residential properties developed for sale. The group's methodology is to acquire sites which, generally, have difficult planning considerations and use its expertise to add value by achieving planning and developing out the sites. The group's strategy is to grow through active property management and rapid response to opportunities as they arise and is focused on the long term.

The year under review has again been challenging, but the group's underlying profitability remains strong. The group's property portfolio has increased in value despite the sales of a substantial number of apartments at Datchet Meadows. The company returned a net profit before tax of £3,218,000 (2013: £1,319,000) including our share of the after tax profits of Campmoss of £2,082,000 (2013: £1,066,000). This year's profit was boosted by sales of nineteen development properties by Campmoss and a lease surrender at Britannia Wharf, Woking.

The effectiveness of the group's strategy is reflected in its performance over recent years. In the five years from 30 September 2008 net assets increased from 1,105p per share to 1,277p per share at 30 September 2013 despite the economic downturn causing a slump in property prices. A further increase of 17.5% to 1,500p was recorded in the current year. The group benefits from substantial cash deposits and ongoing profitability. Dividend increased from 12.30p per share to 12.55p per share over that same period and, for the current year, has been increased by 3% to 12.95p per share.

Going forward in the short term, the group is continuing to manage its portfolio, which is now predominantly let. Campmoss has almost completed its marketing of the residential development at Datchet Meadows, Slough and is about to start marketing the new residential development at Gowring House, Bracknell. For the longer term the group is well placed to take advantage of any upturn in the property market, having substantial cash deposits giving it the ability to react quickly to opportunities as they arise. In addition, Campmoss has a substantial development portfolio at Maidenhead, where planning consents for two office developments were granted some time ago and is currently developing phase one of a retail development in Bracknell with phase two due to commence in 2015.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks currently faced by the group relate to:

- continuity of rental income;
- changes in planning legislation;
- value of property portfolio;
- changes in interest rates;
- availability of business finance; and
- government policies and taxation.

The group mitigates these risks by managing its portfolio of investments with regard to appropriate pricing for rental and monitoring the length of each lease in order to commence discussions as the end of a lease term approaches.

The directors monitor available sources of information regarding the value of property and level of rental yields. They are also aware of potential changes in government policy and take action to reduce the risk to the group where possible. They have external valuations of the portfolio within Cardiff Property every year and the directors perform internal valuations of the properties owned by Campmoss, the joint venture.

They have regular meetings with funding providers in order to discuss availability of business finance should it be required.

Cash is deposited in fixed rate accounts to earn additional interest and interest rates are monitored to determine the appropriate length of time and level of funds to invest.

GENDER ANALYSIS

A split of our employees and directors by gender is shown below:

	Male	Female
Directors*	3	–
Senior managers	1	–
Employees	–	2

* includes non-executive director

CORPORATE SOCIAL RESPONSIBILITY

Through the group's acquisition, development and management of commercial and residential property, we aim to conduct our business with honesty, integrity and openness, respecting human rights and the interests of our shareholders and employees. We aim to provide timely, regular and reliable information on the business to all our shareholders and conduct our operations to the highest standards.

We strive to create a safe and healthy working environment for the wellbeing of our staff and create a trusting and respectful environment, where all members of staff are encouraged to feel responsible for the reputation and performance of the company. We continue to establish a diverse and dynamic workforce with team players who have the experience and knowledge of the business operations and markets in which we operate. Through maintaining good communications, members of staff are encouraged to realise the objectives of the company and their own potential.

CORPORATE ENVIRONMENTAL RESPONSIBILITY

The group's policy is to minimise the risk of any adverse effect on the environment associated with its development activities with a thoughtful consideration of such key areas as energy use, pollution, transport, land use, ecology, renewable resources, health and wellbeing. The group also aims to ensure that its contractors meet with their legislative and regulatory requirements and that codes of best practice are met and exceeded. The group is committed to maintaining high environmental standards in all its operations and to minimise the impact of its activities on the surrounding environment. The nature of the work that we are involved in means that the group has an opportunity, not only to minimise the negative impact on the environment but also to enhance and improve the environment in which we all live and work.

KEY PERFORMANCE INDICATORS

The key performance indicators used by the directors for monitoring the performance of the business are shown in the graphs on page 4 and the consolidated five year summary on page 51.

J Richard Wollenberg
Chairman
26 November 2014

FINANCIAL REVIEW

INCOME STATEMENT

Revenue, being gross rents receivable, amounted to £534,000 (2013: £493,000).

In the year to 30 September 2014 the group, not including Campmoss, sold no development properties (2013: none). Sales of investment properties are treated as disposals of non–current assets and only the gain or loss on sale as measured against the valuation carried in the balance sheet is reflected in the income statement. No such sales were made during either 2013 or 2014. Sales made by Campmoss are not included in the group's results under IFRS rules.

Earnings per share is 236.5p (2013: 94.2p).

Your board has again obtained independent valuations of the property portfolio (excluding those held by Campmoss which are based on directors' valuations). These external valuations result in an increase in the value of the group's commercial portfolio, including the group's offices in Egham, of £661,000 (2013: £160,000) and an increase in the residential portfolio of £10,000 (2013: £30,000). Movements on the valuation of investment properties are taken to the Income Statement in accordance with IFRS.

BALANCE SHEET

Total assets amount to:

	2014 £'000	2013 £'000
Investment properties	**4,510**	3,843
Investment in joint venture	**9,368**	7,286
Property, plant and equipment	**213**	207
Other financial assets – investments	**725**	407
Deferred tax asset	**5**	4
Stock	**668**	668
Trade and other receivables	**764**	854
Financial assets–deposits	**2,204**	2,034
Cash and cash equivalents	**1,857**	2,145
Total	**20,314**	17,448

In accordance with IAS 16 the group's owner occupied office building in Egham, valued at £210,000 on 30 September 2014 (2013: £206,000) is classified as property, plant and equipment rather than as an investment property.

In accordance with IAS 7 cash held on deposit with a term greater than 90 days is shown separately from cash and cash equivalents as financial assets.

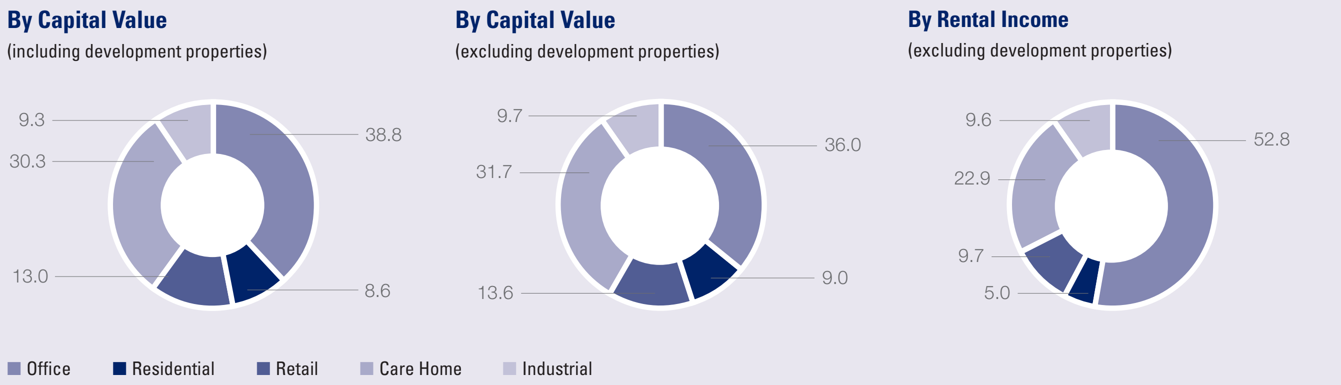
During the year the company purchased and cancelled 12,241 of its own shares (2013: none) at a cost of £123,126 (2013: £nil).

The company may hold in treasury any of its own shares purchased. This gives the company the ability to reissue treasury shares and provides greater flexibility in the management of its capital base. Any shares purchased by the company not held in treasury will be cancelled and the number of shares in issue reduced accordingly. The company intends to continue its policy of purchasing its own shares, whether to be held in treasury or to be cancelled, and a resolution renewing the directors' authority will be placed before the forthcoming Annual General Meeting. This authority will only be exercised in circumstances where the directors regard such purchases to be in the best interests of shareholders as a whole and is subject to the waiver under Rule 9 of the Takeover Code being approved by shareholders as set out in the document accompanying this report.

Net assets were £19.66m (2013: £16.89m) equivalent to 1,500p per share (2013: 1,277p), an increase of 17.5% over the year.

These results relate entirely to continuing activities. There were no acquisitions or disposals of businesses in either year.

ANALYSIS OF GROUP PROPERTY PORTFOLIO



PROPERTY PORTFOLIO UNDER MANAGEMENT

The total property portfolio under management represents the investment and development properties of the group and 100% of Campmoss and is made up as follows:

	2014 £'000	2013 £'000
Group		
Investment properties	**4,510**	3,843
Own use freehold property	**210**	206
Development properties (stock)	**668**	668
Campmoss		
Investment properties	**26,419**	24,990
Development properties (stock)	**2,660**	3,466
Total	**34,467**	33,173

LIQUIDITY

At the year end the group retained substantial cash deposits resulting from the sale of development properties during previous years. The group has not renegotiated a credit line due to the cost involved but has sufficient cash resources to complete the current development programme. The board will keep this position under review.

Gearing at the year end was nil (2013: nil).

JOINT VENTURE

Our joint venture, Campmoss Property Company Limited, prepares its results under UK GAAP and these are summarised as follows:

	2014 £'000	2013 £'000
Turnover	**7,574**	4,531
Profit before tax	**3,055**	957
Net assets before net borrowing	**19,673**	15,298
Net borrowing	**5,669**	10,325
Gearing %	**29**	67

Adjustments required to the above are made in order to calculate the share of net assets and profit in accordance with IFRS for the group financial statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Shareholders will note that IFRS continues to evolve and the corresponding volume of information presented in the annual report inevitably grows with it. This evolution will continue for some time to come with a number of issues yet to be resolved by the various accounting standards bodies. As a result there is an ongoing programme refining the interpretations of the standards currently in operation.

Whilst the group prepares its consolidated financial statements under IFRS, the company has elected to prepare its parent company financial statements in accordance with UK GAAP.

David A Whitaker FCA
Finance director
26 November 2014

DIRECTORS AND ADVISERS

DIRECTORS

J Richard Wollenberg
Chairman and chief executive

David A Whitaker FCA
Finance director

Nigel D Jamieson BSc, FCSI
Independent non-executive director

SECRETARY

David A Whitaker FCA

HEAD OFFICE

56 Station Road, Egham TW20 9LF
Telephone: 01784 437444
Fax: 01784 439157
E–mail: webmaster@cardiff-property.com
Web: www.cardiff-property.com

REGISTERED OFFICE

3 Assembly Square, Britannia Quay, Cardiff Bay CF10 4AX

REGISTERED NUMBER

22705

AUDITOR

KPMG LLP
Chartered Accountants
3 Assembly Square, Britannia Quay, Cardiff Bay CF10 4AX

STOCKBROKERS AND FINANCIAL ADVISERS

Westhouse Securities Limited
Heron Tower, 110 Bishopsgate, London EC2N 4AY

BANKERS

HSBC Bank Plc
2nd Floor, 62-76 Park Street, London SE1 9DZ

SOLICITORS

Blake Morgan LLP
Bradley Court, Park Place, Cardiff CF10 3DR

REGISTRAR AND TRANSFER OFFICE

Neville Registrars Limited
Neville House, 18 Laurel Lane, Halesowen B63 3DA
Telephone: 0121 585 1131

J RICHARD WOLLENBERG (AGED 66)

Chairman and chief executive
Was appointed a director of the company in 1980, became chief executive in 1981 and chairman in 1989. Mr Wollenberg has over 30 years' experience in property investment and development and has been actively involved in a number of corporate acquisitions, flotations, mergers and capital reorganisations of public and private companies. He is an executive director of Campmoss Property Company Limited. He is also a director of General Industries plc, which is quoted on the London Stock Exchange and a non-executive director of Galileo Resources plc, which is quoted on AIM.

DAVID A WHITAKER FCA (AGED 65)

Finance director
Was appointed a director and secretary of the company in 1997. He is a Chartered Accountant and brings a wealth of experience of public companies. He also has extensive experience in contracting from a successful career in cable television. He is also a director of General Industries plc which is quoted on the London Stock Exchange.

NIGEL D JAMIESON BSC, FCSI (AGED 64)

Independent non-executive director
Was appointed to the board as a non-executive director in 1991 and is chairman of the company's audit and remuneration committees. He has over 25 years' experience of the UK property market both as a general practice surveyor and as an investment analyst. He is an executive director of several independent property investment companies active in the London area and acts as an independent consultant to private clients on a range of property related matters.

NON-EXECUTIVE DIRECTOR OF WHOLLY OWNED SUBSIDIARY

FIRST CHOICE ESTATES plc

DEREK M JOSEPH BCOM, FCIS (AGED 64)

Chairman of A2Dominion Housing Group. Consultant and leading authority on the financing of affordable housing and non-executive director of Altair Consultancy & Advisory Services Ltd. Previously managing director of HACAS Group Ltd, the leading housing association and local authority housing consultancy. He is an executive director of a group of companies holding and managing commercial properties as well as software and internet businesses. A voluntary director of Theatre Royal Stratford East and Homeless International. He advises housing groups, property companies and government departments on housing strategy. He is also a director of General Industries plc which is quoted on the London Stock Exchange.

REPORT OF THE DIRECTORS

The directors submit their annual report and the audited financial statements for the year ended 30 September 2014.

RESULTS

The results of the group for the year are set out in the audited financial statements on pages 21 to 40.

DIVIDENDS

The directors recommend a final dividend for the year of 9.55p per share (2013: 9.25p) payable on 19 February 2015. The total dividend paid and proposed in respect of the year, including the interim dividend of 3.4p per share, amounts to 12.95p per share (2013: 12.55p).

PRINCIPAL ACTIVITY

The principal activity of the group during the year continued to be property investment and development. The Companies Act 2006 requires the directors' report to include a Strategic Report (previously the Business Review). Certain information that fulfils these requirements and those of the UK Listing Authority Disclosure Rules and Transparency Rules which requires a management report can be found in the chairman's statement and property review on pages 3 to 5 and the financial review on pages 8 to 9. A description of corporate social responsibility activities is included in the Strategic Report.

There are no persons with whom the company has contractual or other arrangements which are essential to the business of the company other than those included in the related party disclosures in note 26 on page 38.

DIRECTORS

The current directors of the company and the non-executive director of a wholly owned subsidiary are listed on page 10. All served throughout the financial year.

In accordance with the company's articles of association, Mr Wollenberg will retire by rotation at the Annual General Meeting and, being eligible, will offer himself for re-election.

DIRECTORS' INTERESTS

Directors' and their immediate families' interests in the ordinary shares of the company were as follows:

	At 30 September 2014 Beneficial	At 1 October 2013 Beneficial
N D Jamieson	**1,500**	1,500
D A Whitaker	**7,000**	7,000
J R Wollenberg	**561,298**	561,298

No director has any interest in the share capital of any other group company. There were no changes in the directors' shareholdings as stated above between 1 October 2014 and 26 November 2014.

At 30 September 2014 Mr Wollenberg held 25,000 (2013: 25,000) ordinary shares of £1 each in Campmoss Property Company Limited, a joint venture, representing 2.38% of the issued share capital of that company.

DIRECTORS' OPTIONS

No director held options at 30 September 2014 (2013: nil).

SUBSTANTIAL SHAREHOLDINGS

Other than one director referred to above who holds 42.85%, the company has not been notified of any holdings of 3% or more in the share capital of the company at 26 November 2014.

ALLOTMENT OF SHARES

As special business at the Annual General Meeting, a resolution will be proposed to renew the power of your directors to allot equity securities, pursuant to section 551 of the Companies Act 2006, such power being limited to one-third of the issued share capital of the company. This authority may be renewed for five years but, in common with modern corporate governance practice, it is your directors' intention that the resolution be limited to one year and that its renewal be proposed at each Annual General Meeting.

PRE–EMPTION RIGHTS

As special business at the Annual General Meeting a resolution will be proposed to renew for a further year the power of your directors to allot equity securities for cash without first offering such securities to existing shareholders. The aggregate nominal amount of equity securities which may be allotted in this way shall not exceed £13,100, representing 5% of the present issued ordinary share capital of the company.

PURCHASE OF OWN SHARES

At the Annual General Meeting held on 16 January 2014, authority was renewed empowering your directors to make market purchases of up to 198,210 of the company's own ordinary shares of 20p each. Under that authority, your directors made market purchases of 12,241 shares (nominal value £2,448) in May 2014 representing 0.93% of the issued share capital at 16 January 2014. These shares were purchased for an aggregate value of £123,126 and cancelled. The number of shares in issue following these transactions was 1,310,046.

REPORT OF THE DIRECTORS CONTINUED

The existing authority for the company to purchase its own shares expires at the conclusion of the Annual General Meeting to be held on 22 January 2015. The directors wish to renew the authority and consent is therefore sought to approve resolution 8 set out in the Notice of Meeting on page 48 authorising the directors to purchase up to 196,375 ordinary shares of 20p each (representing 14.99% of the present issued share capital), at a minimum price of 20p and a maximum price equal to 105% of the average of the middle market quotations for the ordinary shares of the company as derived from the Daily Official List of The London Stock Exchange for the ten business days before the relevant purchase is made. The authority will expire at the conclusion of the Annual General Meeting in 2016 and it is your directors' intention that a resolution for its renewal will be proposed at each succeeding Annual General Meeting.

The authority will only be exercised when the directors are satisfied that it is in the interests of the company so to do. The company may hold in treasury any of its own shares purchased under this authority. This would give the company the ability to reissue treasury shares and provides greater flexibility in the management of its capital base. Any shares purchased by the company not held in treasury will be cancelled and the number of shares in issue reduced accordingly.

DONATIONS

The company made no political donations during this year or last.

AUDITOR

A resolution for the appointment of KPMG LLP as auditor of the company and authorising the directors to determine its remuneration is to be proposed at the forthcoming Annual General Meeting.

PROVISION OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, as far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

GREENHOUSE GAS DISCLOSURES

The Cardiff Property plc has minimal greenhouse gas emissions to report from the operations of its company and does not have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2014, (including those within our underlying investment portfolio).

DIRECTORS AND OFFICERS INDEMNITY INSURANCE

The directors of the company are covered to the amount of £500,000 in each loss per policy period, with a sub-limit of £250,000 in respect of defence costs for pollution.

DISCLOSURE AND TRANSPARENCY RULES

Details of the company's share capital and share options are given in notes 19 and 18 respectively.

There are no restrictions on transfer or limitations on the holding of the ordinary shares. None of the shares carry any special rights with regard to the control of the company. There are no known arrangements under which the financial rights are held by a person other than the holder and no known agreements or restrictions on share transfers and voting rights.

As far as the company is aware there are no persons with significant direct or indirect holdings other than the director and other significant shareholders as noted above.

The provisions covering the appointment and replacement of directors are contained in the company's articles, any changes to which require shareholder approval.

There are no significant agreements to which the company is party that take effect, alter or terminate upon a change of control following a takeover bid and no agreements for compensation for loss of office or employment that become effective as a result of such a bid.

CORPORATE GOVERNANCE

The board is committed to maintaining appropriate standards of corporate governance. The statement below, together with the report on directors' remuneration on pages 17 to 18, explains how the company has applied the principles set out in The UK Corporate Governance Code ("the Code") and contains the information required by section 7 of the UK Listing Authority's Disclosure Rules and Transparency Rules.

BOARD OF DIRECTORS

The board currently consists of two executive directors and one independent non-executive director. It meets regularly with senior staff throughout the year to discuss key issues and to monitor the overall performance of the group. The board has a formal schedule of matters reserved for its decision. The board met four times during the year. The board, led by the independent non-executive director, evaluates the annual performance of the board and the chairman. A framework for the evaluation process has been agreed and the findings arising from the process discussed with the board. The board views the non-executive director as independent of the board, notwithstanding his tenure being in excess of 10 years, due to the range and depth of his external commitments and experience in the property sector.

AUDIT COMMITTEE

The audit committee, which is chaired by the independent non-executive director, Nigel Jamieson, comprises all board members.

External auditor

The committee meets with the auditor at least twice a year to consider the results, internal procedures and controls and matters raised by the auditor. The audit committee met twice during the year. The audit committee considers auditor independence and objectivity and the effectiveness of the audit process. It also considers the nature and extent of the non-audit services supplied by the auditor reviewing the ratio of audit to non-audit fees. It is a specific responsibility of the audit committee to ensure that an appropriate relationship is maintained between the group and its external auditor. The group has a policy of controlling the provision of non-audit services by the external auditor in order that their objectivity and independence are safeguarded. This control is exercised by ensuring non-audit projects where fees are expected to exceed £5,000 (2013: £5,000) are subject to the prior approval of the audit committee. At least one of the members has relevant recent financial experience.

As part of the decision to recommend to the board the re–appointment of the external auditor, the committee takes into account the tenure of the auditor in addition to the results of its review of the effectiveness of the external auditor and considers whether there should be a full tender process. There are no contractual obligations restricting the committee's choice of external auditor.

Financial reporting

After discussion with both management and the external auditor, the audit committee determined that the key risk of misstatement of the group's financial statements related to property valuations in the context of current market conditions.

This issue was discussed with management during the year and with the auditor at the time the committee reviewed and agreed the auditors' group audit plan and also at the conclusion of the audit of the financial statements.

Property valuation

As further explained in note 2 to the financial statements, our approach to valuing properties is to obtain an external independent valuation of the properties each year. The directors of the joint venture value its properties each year taking into account yields on similar properties in the area, vacant space and covenant strength. They also consider external valuations which have been prepared in the past.

The audit committee is satisfied that the carrying value of properties is appropriate based on the use of an external independent valuer for The Cardiff Property portfolio and the experience and knowledge of the directors in valuing the properties of the joint venture.

The audit committee discusses the results of the valuations with the directors who provide information on assumptions used and provide appropriate explanation and evidence where possible for such assumptions.

The auditor explained to the committee the work they had conducted during the year in respect of property valuation. On the basis of their audit work, the auditor reported no misstatements that were material in the context of the financial statements as a whole; and in our view this supports the appropriateness of our methodology.

Misstatements

Management confirmed to the committee that they were not aware of any material misstatements or immaterial misstatements made intentionally to achieve a particular presentation. The auditor reported to the committee the misstatements that it had found in the course of its work and no material amounts remain unadjusted. The committee confirms that it is satisfied that the auditor has fulfilled its responsibilities with diligence and professional scepticism. After reviewing the presentations and reports from management and consulting where necessary with the auditor, the audit committee is satisfied that the financial statements appropriately address the critical judgements and key estimates (both in respect to the amounts reported and the disclosures). The committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

CORPORATE GOVERNANCE CONTINUED

REMUNERATION COMMITTEE

The remuneration committee also consists of all board members and is chaired by Nigel Jamieson. It meets when required to consider all aspects of directors' and staff remuneration, share options and service contracts. The remuneration committee met once during the year.

COMPLIANCE STATEMENT

The company has, other than where stated below, complied fully with the provisions set out in section 1 of the Code, during the year:

- the chairman is also the chief executive;
- a nominations committee has not been established;
- the audit committee consists of all board members, which includes one non-executive director (the Code recommends that the audit committee should comprise at least three, or in the case of smaller companies, two non-executive directors); and
- the remuneration committee also consists of all board members (the Code recommends that the remuneration committee should comprise solely of non-executive directors).

The directors consider this structure to be a practical solution bearing in mind the company's size and needs. However, it is intended to review this issue as the group develops.

The Code requires that the directors review the effectiveness of all internal controls, not only internal financial controls. This extends the requirement in respect of internal financial controls to cover all controls including financial, operational, compliance and risk management. The company has procedures established which enable it to comply with the requirements of the Code in relation to internal controls.

INTERNAL CONTROL

The directors confirm that they have reviewed the effectiveness of the group's system of internal control for identifying, evaluating and managing the significant risks faced by the group and they acknowledge their responsibility for that system. Such a system is designed to manage risk and can, however, only provide reasonable but not absolute assurance against material misstatement or loss.

The size of the group and the small number of employees necessarily involves the executive directors closely in the day-to-day running of the group's affairs. This has the advantage of the executive directors becoming closely involved with all transactions and risk assessments. Conversely, the board is aware that its size also means that the division of functions to provide normal internal control criteria is problematic. The board believes, however, that its close involvement with the day-to-day management of the group eliminates, as far as possible, the risks inherent in its small size.

Key features of the system of internal control include:

- strategic planning – the board considers the group's position in respect of its marketplace and likely trends in that marketplace which will necessitate a change or adjustment to that position;
- investment appraisal and monitoring – all capital projects, contracts, business and property holdings and acquisitions are reviewed in detail and approved by the chief executive or, if of a significant size, by the whole board; and
- financial monitoring – cash flow and capital expenditure are closely monitored and key financial information is reviewed by the board on a regular basis.

The board considers that there is an ongoing process for identifying, evaluating and managing the significant risks facing the group that has been in place during the year, which is regularly reviewed and accords with the UK Corporate Governance Code (2012).

INTERNAL FINANCIAL CONTROL

Financial controls have been established so as to provide safeguards against unauthorised use or disposition of the assets, to maintain proper accounting records and to provide reliable financial information for internal use.

Key financial controls include:

- the maintenance of proper records;
- a schedule of matters reserved for the approval of the board;
- evaluation, approval procedures and risk assessment for acquisitions and disposals and for major capital expenditure;
- regular reporting and monitoring of development projects; and
- close involvement of the chief executive in the day-to-day operational matters of the group.

The directors consider the size of the group and the close involvement of executive directors in the day-to-day operations makes the maintenance of an internal audit function unnecessary. The directors will continue to monitor this situation.

RELATIONS WITH SHAREHOLDERS

Presentations are given to institutional investors by the chairman when requested, normally following the publication of the half year and full year results, when interim and annual reports are delivered to all shareholders. The results of meetings with investors, media and analysts are discussed with board members to assist them in understanding the views of investors and others. All directors attend the Annual General Meeting at which they have the opportunity to meet with shareholders.

GOING CONCERN

The directors have followed the guidance issued in making their statement on going concern.

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. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Registered office:
3 Assembly Square
Britannia Quay
Cardiff Bay
CF10 4AX

By order of the board

David A Whitaker FCA
Secretary
26 November 2014

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND ACCOUNTS

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

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards.

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that comply with that law and those regulations.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

The directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities and financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair view of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the directors consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

J Richard Wollenberg
Chairman
26 November 2014

David A Whitaker FCA
Finance Director

REMUNERATION REPORT

ANNUAL STATEMENT

Composition of the remuneration committee

Nigel D Jamieson	independent non-executive director, chairman of the committee
David A Whitaker	executive director
J Richard Wollenberg	executive director

Remuneration policy is a matter for the board as a whole. The remuneration committee works within the agreed policy to set individual remuneration levels, although the executive directors do not participate in decisions regarding their own remuneration. The members of the remuneration committee have access to professional advice at the company's expense, if necessary, in order to carry out their duties. No such advice was sought during the year. All members served throughout the year. In setting directors' remuneration, the committee has regard to other employees of the company.

Compliance

In setting the company's remuneration policy for directors, the remuneration committee has given full consideration to the best practice provisions annexed to The Financial Services Authority Listing Rules and the report has been prepared in accordance with Chapter 6 of the Companies Act 2006 and the Directors' Remuneration Report Regulations 2002.

POLICY REPORT

Remuneration policies

The remuneration policy was in effect from 1 October 2013 and prior and it is intended that these policies will be continued for the next year and subsequent years.

The remuneration policy is designed to attract, retain and motivate executive directors and senior management of a high calibre with a view to encouraging commitment to the development of the group and for long term enhancement of shareholder value. Remuneration packages take into account individual performance and the remuneration for similar jobs in other comparable companies where such companies can be identified. This would also be taken into account on appointment by any new directors. The committee believes that share ownership by executive directors and senior staff strengthens the link between their personal interests and those of shareholders.

The main components of executive directors' remuneration are:

- basic salary/fee – reviewed annually;
- annual performance bonus – members of staff (excluding directors) are eligible to participate in the company's discretionary bonus scheme. Mr Wollenberg is eligible to receive a sum equal to 2.5 times the percentage increase in net asset value per share based upon current salary up to a maximum of 50% of that salary. Mr Whitaker is eligible to receive a sum equal to the percentage increase in net asset value per share based upon the current fee charged to the company up to a maximum of 50% of that fee;
- taxable benefits – provision of health care for Mr Wollenberg;
- pension benefits – the company has no formal pension scheme. Annual contributions are made to Mr Wollenberg's personal pension scheme currently at the rate of 20% (2013: 20%) of salary and bonuses; and
- share options – grants under the company's approved share option scheme (approved by shareholders in general meeting) are set so that the aggregate option exercise price for each recipient may not be greater than 4 times annual salary and such grants are phased. Grants under the unapproved share option scheme (approved by shareholders in general meeting) are made by the remuneration committee upon the achievement of specified performance criteria.

The criteria applicable to both schemes were chosen as being those most likely to provide enhanced shareholder value from the performance of executives. They are:

- on grant of an option, an increase in the average of the previous three years earnings per share of at least 3% more than the corresponding increase in the Retail Price Index over the same period; and
- on exercise of an option, an increase in the average of the previous three years net asset value per share of at least 3% more than the corresponding increase in the FT Real Estate Index over the same period.

Payments for loss of office would be determined by the remuneration committee taking into account contractual obligations.

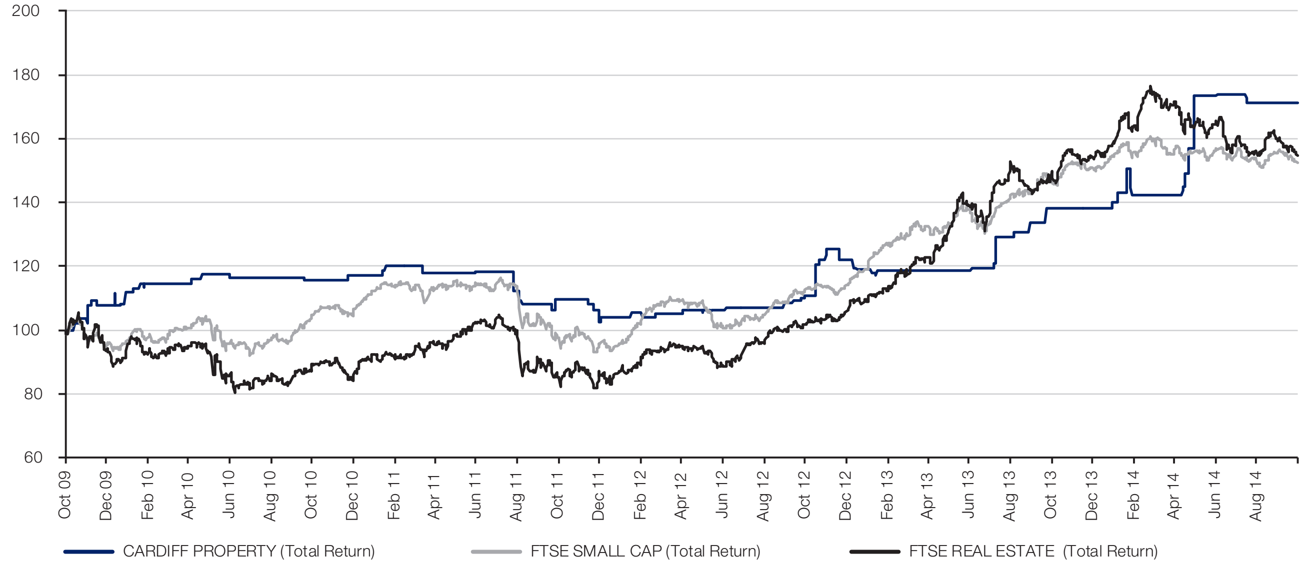
It is intended that these policies will be continued for the next year and subsequent years.

IMPLEMENTATION REPORT

A graph showing the company's total shareholder return relative to the FTSE Real Estate and FTSE Small Cap Indices is reproduced below. Total shareholder return is calculated to show the theoretical growth in the value of a shareholding over a specified period, assuming that dividends are reinvested to purchase additional shares. Company performance graphs are contained in the Chairman's Statement on page 4.

REMUNERATION REPORT CONTINUED

TOTAL SHAREHOLDER RETURN RELATIVE TO THE FTSE REAL ESTATE AND FTSE SMALL CAP INDICES



Source: Datastream

The remuneration paid to all employees and dividends paid were as follows:

	2014 £'000	2013 £'000	% increase
Total employee costs	**354**	331	6.9
Dividends	**167**	163	2.5

The total remuneration (including pension contributions) paid to the Chief Executive Officer as disclosed in note 7 was £217,764 (2013: £163,413) representing a 33.3% increase in the year. Mr Wollenberg's basic salary has remained the same. The increase in the year is largely due to a performance related bonus.

SERVICE CONTRACTS

Mr Wollenberg has a service contract for a three-year rolling term. In the opinion of the committee the notice period is necessary in order to secure Mr Wollenberg's services at the current terms of his employment.

Mr Whitaker's services are provided by Netpage Communications Limited, a company controlled by him, with whom the company has a service contract which can be terminated by either party upon giving three months' notice in writing.

The contracts are available for inspection at the company's registered office.

REMUNERATION OF NON-EXECUTIVE DIRECTOR

The remuneration of the non-executive director is decided by the board based upon comparable market levels. The non-executive director is not eligible for any other benefits. His services can be terminated by either party upon giving three months' notice in writing.

VOTING RESULTS FROM PREVIOUS AGM

At the AGM held on 16 January 2014, 99.9% of votes were cast for the remuneration report and 0.1% against with no abstentions.

DIRECTORS' REMUNERATION AND DIRECTOR'S OPTIONS SUBJECT TO AUDIT

Particulars of directors' remuneration, including pensions and director's options which, under the Companies Act 2006 are required to be audited, are given in note 7 to the financial statements on page 30 and in the report of the directors on page 11.

EXTERNAL APPOINTMENTS

Executive directors are allowed to accept external appointments with the consent of the board, as long as these are not likely to lead to conflicts of interest. Executive directors are allowed to retain the fees paid.

The remuneration report was approved by the board on 26 November 2014 and signed on its behalf by:

Nigel D Jamieson BSc, FCSI
Chairman of the Remuneration Committee

INDEPENDENT AUDITOR'S REPORT

KPMG

KPMG LLP
Chartered Accountants
3 Assembly Square
Britannia Quay
Cardiff Bay
CF10 4AX
United Kingdom

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CARDIFF PROPERTY PUBLIC LIMITED COMPANY ONLY

Opinions and conclusions arising from our audit

OUR OPINION ON THE FINANCIAL STATEMENTS IS UNMODIFIED

We have audited the financial statements of The Cardiff Property Public Limited Company for the year ended 30 September 2014 set out on pages 21 to 46.
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2014 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

OUR ASSESSMENT OF RISKS OF MATERIAL MISSTATEMENT

In arriving at our audit opinion above on the financial statements the risk of material misstatement that had the greatest effect on our audit was as follows:

Carrying amount of freehold investment properties (£4,510,000) and investment in joint venture (£9,368,000)
Refer to page 13 (Audit Committee Report), page 26 (accounting policy) and page 32 (financial disclosure)

- The risk: Estimating the carrying amount of freehold investment properties is a subjective process and is impacted by uncertainty prevalent within the property market. The surplus / deficit on revaluation of investment properties is reflected in the consolidated income statement for each financial year as is any profit recognised on individual sales of a property. As a consequence, the estimates about the carrying value of each investment property will affect the timing of profit recognition. In respect of the properties held by the joint venture (the group's share of which is included in the investment in joint venture, and for which the risk is the same as the directly owned investment properties), the directors performed internal valuations having regard to past valuations performed by external independent valuers and updating these as necessary.
- Our response: In this area our audit procedures included, among others, agreeing the investment property valuations of the directors to valuations performed by the group's external independent valuer. For all properties, included those held by the joint venture, we evaluated the competence, capabilities and objectivity of the respective valuers. We used our own valuation specialist to consider the appropriateness of the external and internal valuations and inherent assumptions by comparing the group's assumptions to externally derived data as well as our own assessments in relation to yields and market data assumptions, including consideration of planning applications and realisable values.

We have also considered the adequacy of the group's disclosures of the carrying amount of freehold investment properties and the investment in joint venture.

OUR APPLICATION OF MATERIALITY AND AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The materiality for the group financial statements as a whole was set at £204,500. This has been determined with reference to a benchmark of group total assets excluding investment in joint venture (of which it represents 1.9%). We report to the audit committee any corrected and uncorrected identified misstatements exceeding £10,225, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Separate audits were performed at group level and at all key reporting components including the joint venture by the group audit team. These audits covered 100% of total group revenue, 100% of group profit before taxation and 100% of total group assets. These audits were all performed at materiality levels which were set individually for each component and ranged from £6,800 to £200,000.

OUR OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006 IS UNMODIFIED

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- 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.

INDEPENDENT AUDITOR'S REPORT CONTINUED

WE HAVE NOTHING TO REPORT IN RESPECT OF THE MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy; or
- the Corporate Governance Report on pages 13 to 15 does not appropriately address matters communicated by us to the audit committee.

Under the Companies Act 2006 we are required 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 and the part of the Directors' Remuneration Report to be audited 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.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 15, in relation to going concern; and
- the part of the Corporate Governance Statement on page 14 relating to the company's compliance with the nine provisions of the 2010 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

SCOPE AND RESPONSIBILITIES

As explained more fully in the Directors' Responsibilities Statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Virginia Stevens
(Senior Statutory Auditor) for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants,
26 November 2014

CONSOLIDATED INCOME STATEMENT

for the year ended 30 September 2014

	Notes	**2014 £'000**	2013 £'000
Revenue	3	**534**	493
Cost of sales		**(65)**	(127)
Gross profit		**469**	366
Administrative expenses		**(452)**	(435)
Other operating income	4	**358**	351
Operating profit before gains/(losses) on investment properties and other investments	4	**375**	282
Profit on sale of other investments		**–**	2
Surplus/(deficit) on revaluation of investment properties	11	**667**	(153)
Surplus on revaluation of other properties		**4**	23
Operating profit		**1,046**	154
Financial income	5	**90**	99
Share of results of joint venture	13	**2,082**	1,066
Profit before taxation	3-7	**3,218**	1,319
Taxation	8	**(102)**	(74)
Profit for the financial year attributable to equity holders	23	**3,116**	1,245
Earnings per share on profit for the financial year – pence			
Basic	9	**236.5**	94.2
Diluted	9	**236.5**	94.2
Dividends			
Final 2013 paid 9.25p (2012: 9.0p)		**122**	119
Interim 2014 paid 3.4p (2013: 3.3p)		**45**	44
		167	163
Final 2014 proposed 9.55p (2013: 9.25p)		**125**	122

These results relate entirely to continuing operations. There were no acquisitions or disposals in either year.

CONSOLIDATED BALANCE SHEET

at 30 September 2014

	Notes	2014 £'000	2014 £'000	2013 £'000	2013 £'000
Non–current assets					
Freehold investment properties	11		**4,510**		3,843
Investment in joint venture	13		**9,368**		7,286
Property, plant and equipment	12		**213**		207
Other financial assets	13		**725**		407
Deferred tax asset	17		**5**		4
			14,821		11,747
Current assets					
Stock and work in progress	14	**668**		668	
Trade and other receivables	15	**764**		854	
Financial assets		**2,204**		2,034	
Cash and cash equivalents		**1,857**		2,145	
			5,493		5,701
Total assets			**20,314**		17,448
Current liabilities					
Corporation tax		**(100)**		(84)	
Trade and other payables	16	**(497)**		(418)	
			(597)		(502)
Non–current liabilities					
Deferred tax liability	17		**(59)**		(57)
Total liabilities			**(656)**		(559)
Net assets			**19,658**		16,889
Equity					
Called up share capital	19		**262**		264
Share premium account	20		**5,076**		5,076
Other reserves	21		**2,494**		2,545
Investment property revaluation reserve	22		**577**		(1,031)
Retained earnings	23		**11,249**		10,035
Shareholders' funds attributable to equity holders			**19,658**		16,889
Net assets per share	10		**1,500p**		1,277p

These financial statements were approved by the board of directors on 26 November 2014 and were signed on its behalf by:

J Richard Wollenberg
Director

Company number: 22705

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2014

	2014 £'000	2013 £'000
Cash flows from operating activities		
Profit for the year	**3,116**	1,245
Adjustments for:		
Depreciation	**1**	1
Financial income	**(90)**	(99)
Share of profit of joint venture	**(2,082)**	(1,066)
Profit on sale of other investments	**–**	(2)
(Surplus)/deficit on revaluation of investment properties	**(667)**	153
Surplus on revaluation of other properties	**(4)**	(23)
Taxation	**102**	74
Cash flows from operations before changes in working capital	**376**	283
Decrease in trade and other receivables	**90**	1,335
Increase in trade and other payables	**79**	11
Cash generated from operations	**545**	1,629
Tax paid	**(85)**	(97)
Net cash flows from operating activities	**460**	1,532
Cash flows from investing activities		
Interest received	**90**	99
Acquisition of investments and property, plant and equipment	**(378)**	(117)
Proceeds on disposal of investments and property, plant and equipment	**–**	20
Held to maturity deposits	**(170)**	(2,034)
Net cash flows from investing activities	**(458)**	(2,032)
Cash flows from financing activities		
Purchase of own shares	**(123)**	–
Dividends paid	**(167)**	(163)
Net cash flows from financing activities	**(290)**	(163)
Net increase/(decrease) in cash and cash equivalents	**(288)**	(663)
Cash and cash equivalents at beginning of year	**2,145**	2,808
Cash and cash equivalents at end of year	**1,857**	2,145

OTHER PRIMARY STATEMENTS

for the year ended 30 September 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

	Notes	**2014 £'000**	2013 £'000
Profit for the financial year		**3,116**	1,245
Other items recognised directly in equity			
Net change in fair value of available for sale financial assets	13	**(57)**	(133)
Total comprehensive income and expense for the year attributable to the equity holders of the parent company		**3,059**	1,112

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £'000	Share premium account £'000	Other reserves £'000	Investment property revaluation reserve £'000	Retained earnings £'000	**Total equity £'000**
At 1 October 2012	264	5,076	2,640	(1,158)	9,118	**15,940**
Profit for the year	–	–	–	–	1,245	**1,245**
Other comprehensive income	–	–	(133)	–	–	**(133)**
Transactions with equity holders						
Dividends	–	–	–	–	(163)	**(163)**
Total transactions with equity holders	–	–	–	–	(163)	**(163)**
Realisation of revaluation reserve	–	–	15	–	(15)	**–**
Transfer on revaluation of investment properties	–	–	–	127	(127)	**–**
Transfer on revaluation of other properties	–	–	23	–	(23)	**–**
At 30 September 2013	264	5,076	2,545	(1,031)	10,035	**16,889**
Profit for the year	–	–	–	–	3,116	**3,116**
Other comprehensive income	–	–	(57)	–	–	**(57)**
Transactions with equity holders						
Dividends	–	–	–	–	(167)	**(167)**
Purchase of own shares	(2)	–	2	–	(123)	**(123)**
Total transactions with equity holders	(2)	–	2	–	(290)	**(290)**
Transfer on revaluation of investment properties	–	–	–	1 ,608	(1,608)	**–**
Transfer on revaluation of other properties	–	–	4	–	(4)	**–**
At 30 September 2014	**262**	**5,076**	**2,494**	**577**	**11,249**	**19,658**

NOTES TO THE FINANCIAL STATEMENTS

1 INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated results for the year ended 30 September 2014 and 2013 are prepared by the group under applicable International Financial Reporting Standards adopted by the EU ("adopted IFRS") and those parts of the Companies Act 2006 applicable to companies reporting under IFRS and have been incorporated into the principal accounting policies as set out in note 2.

The company has elected to prepare its parent company financial statements in accordance with UK GAAP and these are presented on pages 41 to 46.

2 ACCOUNTING POLICIES

Basis of preparation

The following principal accounting policies have been applied in dealing with items which are considered material in relation to the group's financial statements. The financial statements have been prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as available for sale; investment properties; and own use freehold property. These accounting policies have been applied consistently across the group for the purposes of these consolidated financial statements.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the group will continue to meet its liabilities as they fall due. The group's activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement and Property Review on pages 3 to 5. The financial position of the group, its property portfolio under management, asset base, liquidity and key performance indicators are described in the Financial Review on pages 8 to 9.

In addition, note 19 includes the group's objectives, policies and processes for managing its capital and note 27, its financial risk management objectives and details of its exposures to credit risk, liquidity risk and market risk.

The group has sufficient financial resources to enable it to continue to trade and to complete the current maintenance and development programme. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

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.

Basis of consolidation

The group's financial statements consolidate those of the company and its subsidiaries and equity account for the interest in the joint venture. Subsidiary companies are those entities under the control of the company, where control means the power to govern the financial and operating policies of the entity so as to obtain benefit from its activities. The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated income statement from the date control is obtained or up to the date when control is lost. Intra–group transactions are eliminated on consolidation.

Joint ventures are those in whose activities the group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. The group's investment in the joint venture is accounted for using the equity method, hence the group's share of the gains and losses of the joint venture is included in the consolidated income statement and its interest in the net assets is included in investments in the consolidated balance sheet.

Use of estimates and judgement

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The key areas in which estimates have been used and the assumptions applied are in valuing investment properties and properties in the joint venture (see note below), in valuing available for sale assets, in classifying properties and in calculating provisions.

2 ACCOUNTING POLICIES CONTINUED

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. Investment properties are initially recognised at cost, including related transaction costs and annually revalued at fair value, with any change therein recognised in the income statement, and transferred to the investment property revaluation reserve in the balance sheet. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the company portfolio each year. The directors of the joint venture value its portfolio each year. All valuations take into account yields on similar properties in the area, vacant space and covenant strength.

Design, construction and management expenses together with interest incurred in respect of investment properties in the course of initial development are capitalised until the building is effectively completed and available for letting along with the costs directly attributable to the initial letting of newly developed properties. Thereafter they are charged to the income statement. Whilst under development such properties are classified either as inventory if being developed with a view to sale and are recorded at cost, or retained within investment properties and revalued at the year end and surpluses or deficits are recognised in equity.

Proceeds from the sale of investment properties are not included in revenue, but in profit or loss on sale of investment property. The profit or loss on disposal is calculated with reference to the carrying amount in the balance sheet. Purchases and sales of investment properties are accounted for when exchanged contracts become unconditional.

Property, plant and equipment and depreciation

Property is stated at fair value on the same basis as investment properties described above. Any surplus arising on the revaluation is recognised in other comprehensive income except to the extent that it reverses a previous revaluation deficit on the same asset recognised in profit and loss. Any deficit on revaluation is recognised in profit and loss except to the extent that it reverses a previous revaluation surplus on the same asset. Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Provision is made for depreciation so as to write off their cost on a straight line basis over their expected useful lives as follows:

- property – 50 years
- motor vehicles – 4 years
- fixtures, fittings and equipment – 4 years

Impairment

The carrying amounts of the group’s assets, other than investment properties, own use freehold property and financial assets designated as available for sale which are measured at fair value, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated and an impairment loss recognised where the recoverable amount is less than the carrying value of the asset. Any impairment losses are recognised in the income statement.

Capitalisation of borrowing costs

Net borrowing costs in respect of capital expenditure on acquisition, development or refurbishment of qualifying assets are capitalised. Interest is capitalised using the group’s weighted average cost of borrowing from the commencement of development work until the date of practical completion. The capitalisation is suspended if there are prolonged periods when development activity is interrupted. All other borrowing costs are recognised in the Income Statement in the period in which they are incurred.

Stocks and work in progress

Stocks, being properties under development intended for ultimate resale and properties held for sale, are stated at the lower of cost, including attributable overheads, and net realisable value.

2 ACCOUNTING POLICIES CONTINUED

Revenue

Revenue consists of rental income, earned under operating leases granted, from properties held for investment purposes, together with the proceeds from the sale of development properties. Sales of development property are recognised on the date of unconditional exchange of contracts or, if conditional, on the date that the conditions have been satisfied. Rental income is recognised in the Income Statement on a straight line basis over the total lease period. Payments due on early terminations of lease agreements are recognised in the Income Statement within revenue. Lease incentives are recognised as an integral part of the net consideration for the use of the property and amortised on a straight line basis over the term of the lease, or the period to the first tenant break if shorter.

Financial assets

Investments in equity securities are classified as assets available for sale and are stated at fair value with any resultant gain or loss being recognised in other comprehensive income. When these investments are derecognised the cumulative gain or loss previously recognised in equity is recognised in the Income Statement. Current financial assets comprise held to maturity deposits where the call date is greater than 90 days from the date of deposit. They are included in investing activities in the cash flow.

Trade and other receivables

Trade and other receivables are stated at amortised cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts, that are repayable on demand and form an integral part of the group's cash management, are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Equity

Equity comprises issued share capital, share premium, other reserves, investment property revaluation reserve and retained earnings.

Share based payments

The share option programme allows group employees to acquire shares of the parent company; these awards are granted by the parent. The fair value of options granted is recognised as an employee expense on a straight line basis over the vesting period with a corresponding increase in equity. The fair value is measured at the date of grant and spread over the period during which the employees become unconditionally entitled to the options using an option valuation model, taking into account the terms and conditions upon which options were granted and is dependent on factors such as exercise price, expected volatility, option price and risk free interest rate. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Dividends

Interim dividends are recorded in the financial statements when they are paid. Final dividends are recognised as a liability in the period in which they are approved by the company's shareholders.

Provisions

A provision is recognised in the balance sheet when: the group has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefit will be required to settle the obligation; and the outflow can be estimated reliably. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2 ACCOUNTING POLICIES CONTINUED

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in the Consolidated Statement of Comprehensive Income and Expense.

Current tax is expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

IFRS

The following accounting standards and interpretations, issued by the IASB and endorsed by the EU or International Financial Reporting Interpretations Committee (IFRIC), are effective for the first time in the current financial year and have been adopted by the group with no significant impact on the consolidated results or financial position:

- Amendments to IFRS 1 – Government Loans
- Amendments to IFRS 7 – Disclosures: Offsetting Financial Assets and Financial Liabilities
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 19 (Amendment) – Defined Benefit Plans
- IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine
- Annual improvements to IFRS 2009-2011 Cycle

The following IFRSs have been endorsed by the EU but are not yet effective and have not been early adopted. The effective date relates to periods beginning on that date:

- IAS 27 – Separate Financial Statements – effective 1 January 2014
- IAS 28 – Investments in Associates and Joint Ventures – effective 1 January 2014
- Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities – effective 1 January 2014
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities – Consolidation – effective 1 July 2014
- Amendments to IAS 36 – Recoverable Amounts Disclosures for Non-Financial Assets – effective 1 January 2014
- IFRIC 21 Levies – effective 13 June 2014
- Annual Improvements 2010-2012 and Annual Improvements 2011-2013 – effective 1 July 2014.
- Amendments to IAS19 – Defined Benefit Plans – Employee Contributions – effective 1 July 2014
- IFRS 14 – Regulatory Deferral Accounts – effective 1 January 2016
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – effective 1 January 2016
- Amendments to IFRS 11 – Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations – effective 1 January 2016
- Amendments to IAS 16 and IAS 41 – Agriculture: Bearer Plants – effective 1 January 2016

2 ACCOUNTING POLICIES CONTINUED

IFRS continued

The following IFRSs have been issued by the IASB but are yet to be endorsed by the EU. The effective date relates to periods beginning on that date:

- IFRS 9 – Financial Instruments – effective 1 January 2018
- IFRS 15 – Revenue from Contracts with Customers – effective 1 January 2017

None of these standards and interpretations, when applied, are expected to have a material impact upon the consolidated results or financial position of the group, other than in relation to disclosures or presentation.

3 SEGMENTAL ANALYSIS

The group manages its operations in two segments, being property and other investment and property development. The results of these segments are regularly reviewed by the board as a basis for the allocation of resources, in conjunction with individual site investment appraisals, and to assess their performance. Information regarding the results and net operating assets for each reportable segment are set out below:

	2014 £'000	2013 £'000
Revenue (wholly in the United Kingdom):		
Property and other investment being gross rents receivable	**534**	493
Property development being sales of development properties	**–**	–
	534	493
Profit before taxation:		
Property and other investment	**3,074**	1,010
Property development	**144**	309
	3,218	1,319
Net operating assets:		
Assets		
Property and other investment	**19,516**	16,667
Property development	**3,979**	3,866
Eliminations	**(3,181)**	(3,085)
Total assets	**20,314**	17,448
Liabilities		
Property and other investment	**3,590**	3,396
Property development	**247**	248
Eliminations	**(3,181)**	(3,085)
Total liabilities	**656**	559
Net operating assets	**19,658**	16,889

Of the group's share of the profit in its joint venture of £2,082,000 (2013: £1,066,000), £559,000 (2013: £166,000) relates to property development and £1,523,000 (2013: £900,000) relates to property investment. The interest income of £2,000 (2013: £5,000) relates entirely to property investment. Of the income tax expense of £313,000 (2013: £171,000), £168,000 (2013: £166,000) relates to property investment and £145,000 (2013: £5,000) to property development. Due to the reportable segments being accounted for in separate legal entities it is possible to directly allocate the group results and net assets to the reportable segments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 OPERATING PROFIT BEFORE GAINS/(LOSSES) ON INVESTMENT PROPERTIES AND OTHER INVESTMENTS

	2014 £'000	2013 £'000
Included are the following expenses/(income):		
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the annual accounts	**23**	23
Audit of subsidiary undertakings pursuant to legislation	**3**	3
Tax services	**6**	6
Other services	**4**	4
Depreciation of plant and equipment	**1**	1
Management charges receivable	**(358)**	(351)

5 FINANCIAL INCOME

	2014 £'000	2013 £'000
Bank and other interest receivable	**90**	99

6 EMPLOYEES

The average number of persons employed by the group and the company (including executive directors) during the year was:

	Number of employees 2014	2013
Management	**3**	3
Administration	**2**	2
	5	5

The aggregate payroll costs of these persons were as follows:

	2014 £'000	2013 £'000
Wages and salaries	**294**	282
Social security costs	**26**	24
Other pension costs	**34**	25
	354	331

Other pension costs represents amounts paid by the group to a personal pension plan in respect of a director.

7 EMOLUMENTS OF DIRECTORS

The emoluments of the directors were as follows:

	Salary/fee £	Bonus £	Benefits £	Total 2014 £	Total 2013 £	Pension contributions 2014 £	Pension contributions 2013 £
As executives							
J R Wollenberg	117,576	51,440	14,558	**183,574**	138,346	**34,190**	25,067
D A Whitaker	37,500	6,563	–	**44,063**	39,083	**–**	–
	155,076	58,003	14,558	**227,637**	177,429	**34,190**	25,067
As non-executive							
N D Jamieson	12,000	–	–	**12,000**	12,000	**–**	–
	167,076	58,003	14,558	**239,637**	189,429	**34,190**	25,067

7 EMOLUMENTS OF DIRECTORS CONTINUED

The above table includes bonuses which are based on the results for the year to 30 September 2014 and are payable in December 2014. Bonuses of £17,637 for Mr Wollenberg and £2,250 for Mr Whitaker in respect of the year to 30 September 2013 were paid in December 2013.

The information above is in respect of the company. In addition Mr Wollenberg received consultancy fees of £50,000 (2013: £50,000) and Mr Whitaker received £7,950 (2013: £5,625) from our joint venture, Campmoss Property Company Limited. Details of the company's policy on directors' remuneration are contained within the remuneration report on pages 17 to 18. Amounts in respect of emoluments for Mr Whitaker are paid to Netpage Communications Limited, a company which he controls. Benefits relates to the provision of health care to Mr Wollenberg.

8 TAXATION

	2014 £'000	2013 £'000
Current tax		
UK corporation tax on the result for the year	**100**	84
Adjustments in respect of prior periods	**1**	(3)
Total current tax	**101**	81
Deferred tax		
Origination and reversal of temporary differences	**1**	(7)
Total deferred tax	**1**	(7)
Taxation	**102**	74

Factors affecting the tax charge for the year

The tax charge for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 22% (2013: 23.5%). The differences are explained below:

	2014 £'000	2013 £'000
Tax reconciliation		
Profit before taxation	**3,218**	1,319
Profit before taxation multiplied by standard rate of corporation tax in the UK of 22% (2013: 23.5%)	**708**	310
Effects of:		
Difference between chargeable gains and accounting profits in respect of investment disposals	**–**	(2)
Joint venture	**(458)**	(251)
Effect of different tax rates	**(1)**	(2)
Other temporary differences	**–**	22
Adjustments in respect of prior periods	**–**	(3)
Non-taxable surpluses on revaluation	**(148)**	–
Taxation	**101**	74

A reduction in the rate from 23% (effective 1 April 2013) to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly. The deferred tax at 30 September 2014 has been calculated based on the rate of 20% which was substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 EARNINGS PER SHARE

Earnings per share has been calculated in accordance with IAS 33 – Earnings Per Share using the profit after tax for the financial year of £3,116,000 (2013: £1,245,000) and the weighted average number of shares as follows:

	Weighted average number of shares 2014	2013
Basic and diluted basis	**1,317,592**	1,322,287

10 NET ASSETS PER SHARE

	2014 Pence per share	2013 Pence per Share
Based on shares in issue at 30 September 2014 of 1,310,046 (2013: 1,322,287)	**1,500**	1,277

11 FREEHOLD INVESTMENT PROPERTIES

	2014 £'000	2013 £'000
Group and company		
At beginning of year	**3,843**	3,980
Additions during the year	**–**	16
Surplus/(deficit) on revaluation in year	**667**	(153)
At end of year	**4,510**	3,843

The company's freehold commercial investment properties have been valued by external valuers, Cushman & Wakefield LLP, and its residential property by Nevin & Wright as at 30 September 2014. These external valuations have been prepared as Regulated Purpose Valuations in accordance with the Practice Statements contained in the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors in May 2003 (as amended). The bases of valuation were Market Value and Existing Use Value, as appropriate. The aggregate values attributed to these investment properties are as follows:

	30 September 2014 £'000
Cushman & Wakefield LLP	**4,210**
Nevin & Wright	**300**
	4,510

The historical cost of the investment properties was:

	30 September 2014 £'000
Group and company	
At 30 September 2014	**3,735**
At 30 September 2013	3,735

The cumulative amount of interest capitalised at 30 September 2014 was £90,000 (2013: £90,000).

12 PROPERTY, PLANT AND EQUIPMENT

	Own use freehold property £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 30 September 2012	183	64	6	253
Additions	–	1	–	1
Revaluation	23	–	–	23
At 30 September 2013	206	65	6	277
Additions	–	3	–	3
Revaluation	4	–	–	4
At 30 September 2014	**210**	**68**	**6**	**284**
Depreciation				
At 30 September 2012	–	63	6	69
Charge for year	–	1	–	1
At 30 September 2013	–	64	6	70
Charge for year	–	1	–	1
At 30 September 2014	**–**	**65**	**6**	**71**
Net book value				
At 30 September 2014	**210**	**3**	**–**	**213**
At 30 September 2013	206	1	–	207
At 30 September 2012	183	1	–	184

Own use freehold property was valued by Cushman & Wakefield LLP at market value as at 30 September 2014. The historic cost of the property is £202,000 (2013: £202,000).

13 INVESTMENTS

	Shares in joint venture £'000	Unlisted investments £'000	Listed investments £'000	Total £'000
At beginning of year	7,286	8	399	7,693
Additions	–	–	375	375
Net change in fair value of available for sale financial assets	–	–	(57)	(57)
Share of profit of joint venture	2,082	–	–	2,082
At end of year	**9,368**	**8**	**717**	**10,093**

Listed investments

These include minority stakes in The Renewables Infrastructure Group Limited, A2D Funding plc and General Industries plc listed on The London Stock Exchange, ImmuPharma Plc and Galileo Resources plc, listed on AIM, and are designated as available for sale financial assets.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 INVESTMENTS CONTINUED

Joint venture

The group owns 47.62% (2013: 47.62%) of the total issued ordinary share capital of £1,050,000 of Campmoss Property Company Limited, incorporated in England and Wales.

The group's share of the results of Campmoss Property Company Limited and its subsidiary undertakings for the year ended 30 September 2014 has been incorporated in the consolidated financial statements. The following figures have been derived from the financial statements of Campmoss Property Company Limited and those of its subsidiary undertakings for the year ended 30 September 2014. Whilst these accounts have been prepared under UK GAAP, there are no material differences to IFRS.

The group's share of the consolidated income, expenses, revaluations, tax and profit after tax was:

	2014 £'000	2013 £'000
Income	**3,606**	2,158
Expenses	**(2,152)**	(1,201)
Taxation on ordinary activities	**(313)**	(171)
Revaluation of investment properties	**941**	280
Profit after tax	**2,082**	1,066

The group's share of the consolidated net assets of Campmoss Property Company Limited and its subsidiary undertakings was:

	2014 £'000	2013 £'000
Non-current assets		
Investment properties	**12,581**	11,900
Plant and equipment	**2**	–
	12,583	11,900
Current assets		
Stock and work in progress	**1,267**	1,650
Trade and other receivables	**161**	241
Cash and cash equivalents	**1,418**	405
	2,846	2,296
Total assets	**15,429**	14,196
Current liabilities		
Loans and overdraft	**(800)**	(274)
Corporation tax	**(271)**	(132)
Trade and other payables	**(1,257)**	(1,078)
	(2,328)	(1,484)
Non-current liabilities		
Loans	**(3,318)**	(5,048)
Deferred tax liability	**(415)**	(378)
	(3,733)	(5,426)
Total liabilities	**(6,061)**	(6,910)
Net assets	**9,368**	7,286

Investment properties are included at fair value based on directors' valuations as at 30 September 2014.

13 INVESTMENTS CONTINUED

Loans are secured on certain investment properties. Loans due after more than one year are repayable as follows:

	2014 £'000	2013 £'000
1–2 years	**3,318**	512
2–5 years	**–**	4,536
	3,318	5,048

14 STOCK AND WORK IN PROGRESS

This comprises development properties held for sale.

15 TRADE AND OTHER RECEIVABLES

	2014 £'000	2013 £'000
Trade receivables	**68**	66
Amounts owed by joint venture	**521**	636
Other receivables	**148**	46
Prepayments and accrued income	**27**	106
	764	854

16 TRADE AND OTHER PAYABLES

	2014 £'000	2013 £'000
Rents received in advance	**129**	92
Trade creditors	**12**	21
Other taxes and social security	**41**	27
Other creditors	**233**	194
Accruals and deferred income	**82**	84
	497	418

17 DEFERRED TAXATION

	2014 £'000	2013 £'000
At beginning of year	**(53)**	(60)
(Charge)/credit for the year in the income statement	**(1)**	7
At end of year	**(54)**	(53)

Provision has been made for deferred taxation as follows:

	2014 £'000	2013 £'000
Difference between accumulated depreciation and amortisation and capital allowances	**(53)**	(60)
Other temporary differences	**(1)**	7
Net deferred tax liability	**(54)**	(53)
Disclosed as:		
Deferred tax asset	**5**	4
Deferred tax liability	**(59)**	(57)
Net deferred tax liability	**(54)**	(53)

The above deferred tax asset included within non–current assets in the group accounts relates to timing differences and is not anticipated to be recoverable within the next 12 months.

A deferred tax asset of £nil (2013: £73,000) in respect of the net deficits on property revaluations has not been recognised due to uncertainty regarding its recoverability.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18 SHARE BASED PAYMENTS

The fair values of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the option, which is spread over the vesting period, is measured based on a Black Scholes model (with the contractual life of the option and expectations of early exercise built into the model). The option vests after a period of 3 years and in addition, the average of the previous three years net asset value per share must exceed the corresponding increase in the FT Real Estate Index over the same period, by at least 3%.

The terms and conditions of outstanding share options granted in previous years are as follows:

Date granted	Amount paid	No. of ordinary shares	Option price per share	Exercisable between
8 December 2006	£1	500	1,105p	2009–2016

The principal assumptions used in assessing the fair value of the above options are as follows:

- share price – 1,105p;
- exercise price – 1,105p;
- option life – 10 years;
- expected dividends – 1.4%; and
- risk free interest rate – 4.3%.

No options were exercised during the year and none were granted.

19 SHARE CAPITAL

	2014 £'000	2013 £'000
Authorised		
4,500,000 (2013: 4,500,000) ordinary shares of 20 pence each	**900**	900
Allotted, called up and fully paid		
At 30 September 2013 1,322,287 (2012: 1,322,287) ordinary shares of 20 pence each	**264**	264
Cancelled during the year – 12,241 (2013: nil) ordinary shares of 20 pence each	**(2)**	–
At 30 September 2014 – 1,310,046 (2013: 1,322,287) ordinary shares of 20 pence each	**262**	264

At 30 September 2014 there were outstanding the following options for senior executives and employees to purchase ordinary shares of 20 pence each:

Date granted	Amount paid	No. of ordinary shares	Option price per share	Exercisable between
8 December 2006	£1	500	1,105p	2009–2016

The total number of ordinary shares under option is 500 (2013: 500).

Capital management

The board's objectives when managing capital are to maintain a balance between providing shareholders with an adequate return by means of a progressive dividend policy whilst ensuring the security of the group supported by a sound capital structure. In order to maintain the optimal capital structure, the group may adjust its dividend policy, issue new shares or return capital to shareholders.

20 SHARE PREMIUM ACCOUNT

	£'000
Group and company	
At beginning and end of year	**5,076**

21 OTHER RESERVES

	Available for sale reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Merger reserve £'000	Total £'000
At beginning of year	156	490	30	1,869	2,545
Purchase of own shares	–	2	–	–	2
Transfer from retained earnings on revaluation of other properties	4	–	–	–	4
Net change in fair value	(57)	–	–	–	(57)
At end of year	**103**	**492**	**30**	**1,869**	**2,494**

The capital redemption reserve arises from the transfer from share capital of the nominal value of shares purchased for cancellation and is not available for distribution. The capital and merger reserves arise from the acquisition of subsidiaries and are not available for distribution.

22 INVESTMENT PROPERTY REVALUATION RESERVE

	2014 £'000	2013 £'000
At beginning of year	**(1,031)**	(1,158)
Transfer from retained earnings on revaluation in the year	**1,608**	127
At end of year	**577**	(1,031)

The investment property revaluation reserve represents surpluses and deficits arising on revaluation of the group's properties, including our share of Campmoss Property Company Limited, our 47.62% joint venture. This reserve comprises unrealised profits and losses and is not available for distribution until realised through sale.

23 RETAINED EARNINGS

	2014 £'000	2013 £'000
At beginning of year	**10,035**	9,118
Profit for the financial year	**3,116**	1,245
Dividends paid	**(167)**	(163)
Transfer to investment property revaluation reserve on revaluation in the year	**(1,608)**	(127)
Transfer to investment property revaluation reserve on realisation	**–**	(15)
Transfer to other reserves on revaluation of available for sale assets	**(4)**	(23)
Own shares purchased in year	**(123)**	–
At end of year	**11,249**	10,035

24 COMMITMENTS

Expenditure on development and investment properties

There were no commitments under contract at 30 September 2014 (2013: nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

25 OPERATING LEASES

Operating leases granted

The group leases out its investment properties under operating leases. The future aggregate minimum rentals receivable under non-cancellable operating leases are as follows:

	2014 £'000	2013 £'000
Within one year	521	270
Years two to five	1,224	861
More than five years	546	817
Total	**2,291**	1,948

Operating leases taken

Neither the group nor the company had any material commitments under non-cancellable operating leases at 30 September 2014 (2013: nil).

26 RELATED PARTY TRANSACTIONS

During the year the company entered into the following transactions with related parties:

		Value		Balance owed by related party at 30 September	
Party	**Nature of transaction**	**2014 £'000**	2013 £'000	**2014 £'000**	2013 £'000
Campmoss Property Company Limited	Loans made by the company to acquire and develop properties	1,000	–	–	–
	Loans repaid to the company	1,000	1,500	500	500
	Loan interest received by the company	18	32	6	–
	Management fees received by the company	340	340	7	136
	Consultancy fees received by J R Wollenberg (director)	50	50	38	62
Netpage Communications Ltd	Consultancy fees in respect of the services of D A Whitaker (director)	40	39	–	–
D M Joseph	Director's salary paid	3	3	–	1

Campmoss Property Company Limited is a joint venture of the company. The amount due from Campmoss Property Company Limited at 30 September 2014 of £500,000 (2013: £500,000) represents the outstanding balance on the revolving credit drawdown facility of £2,000,000 (2013: £2,000,000) provided to Campmoss Property Company Limited by the company at an interest rate of base plus 2%. The loans are secured on certain investment properties. Campmoss Property Company Limited is a company in which Mr Wollenberg is a director and both he and the company are shareholders.

Mr D M Joseph is a non-executive director of First Choice Estates plc, a wholly owned subsidiary of the company.

Details relating to the shareholdings and remuneration of key management personnel are set out in the Directors' Report on page 11 and note 7 on page 30.

All transactions were carried out at arms length.

27 FINANCIAL INSTRUMENTS

The group has exposure to credit risk, liquidity risk and market risk. This note presents information about the group's exposure to these risks, along with the group's objectives, processes and policies for managing the risks.

Credit risk

Credit risk is the risk of financial loss for the group if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from clients, amounts due from the joint venture and monies on deposit with financial institutions.

The group has a credit policy in place and credit risk is monitored by the board on an ongoing basis. Credit evaluations are carried out on all new clients before credit is granted above certain thresholds. There is a spread of risks among a number of clients with no significant concentration of risk with any one client. The group establishes an allowance for impairment in respect of trade receivables where there is any doubt over recoverability.

The group has significant monies on deposit at the year end, largely in short term treasury deposits. The group's policy is to maximise interest income on these cash deposits whilst credit risk is mitigated through placing cash with leading international highly-rated financial institutions.

The carrying amount of financial assets represents the maximum exposure to credit risk as follows:

	2014 £000	2013 £000
Cash and cash equivalents	**1,857**	2,145
Financial assets	**2,204**	2,034
Trade and other receivables	**243**	218
Amounts due from joint venture	**521**	636
	4,825	5,033

At 30 September 2014 the group had £4,061,000 (2013: £4,179,000) deposited with banks and financial institutions of which: £857,000 is available for withdrawal in less than 30 days; £500,000 is available for withdrawal in 30–60 days; £500,000 is available for withdrawal in 60–90 days; and £2,204,000 is available for withdrawal in 90–180 days. As shown in the table above, the amounts available for withdrawal in over 90 days are classed as financial assets.

The amounts due from the joint venture at 30 September 2014 are repayable on demand and are secured upon certain investment properties owned by the joint venture. None of these amounts are overdue.

All financial assets are sterling denominated.

The ageing of trade receivables, prepayments and other receivables along with the associated provision at the year end was:

	2014		2013	
	Gross £000	**Provision £000**	Gross £000	Provision £000
Not past due	**226**	**–**	218	–
Past due 31–90 days	**7**	**3**	–	–
Past due more than 90 days	**26**	**13**	10	10
	259	**16**	228	10
The movement in the provision during the year was as follows:				
At beginning of year		**10**		15
Amounts written back		**(10)**		(15)
Provided in year		**16**		10
At end of year		**16**		10

27 FINANCIAL INSTRUMENTS CONTINUED

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have adequate liquidity to meet its liabilities as they fall due, without incurring unacceptable losses or risking damage to the group's reputation.

In respect of cash deposits, the carrying value approximates to fair value because of the short maturity of the deposits. Interest rates are floating and based on LIBOR. There is also no difference between the fair value of other financial assets and financial liabilities and their carrying value in the balance sheet.

The group's financial liabilities comprise trade creditors and other creditors amounting to £497,000 (2013: £418,000) and are all repayable within one year and are non interest bearing.

Banking facilities

The company does not have loan or overdraft facilities. Sufficient cash resources are available to the group to complete the current maintenance and development programme. The board will keep this position under review.

Market risk

Market risk is the risk that changes in market prices such as currency rates, interest rates and stock market prices will affect the group's results. The group's objective is to manage and control market risk within suitable parameters.

Currency risk

All of the group's transactions are denominated in sterling. Accordingly, the group has no direct exposure to exchange rate fluctuations. Furthermore, the group does not trade in derivatives.

Interest rate risk

The group does not undertake any hedging activity in this area. The main element of interest rate risk involves sterling deposits which are placed on a fixed rate deposit.

COMPANY BALANCE SHEET

at 30 September 2014

	Notes	**2014** £'000	**2014** £'000	2013 £'000	2013 £'000
Fixed assets					
Tangible assets:					
Investment properties	11		**4,510**		3,843
Other	31		**213**		207
			4,723		4,050
Investments	32		**4,551**		4,233
			9,274		8,283
Current assets					
Debtors	33	**720**		828	
Cash at bank and in hand		**4,061**		4,179	
		4,781		5,007	
Creditors: amounts falling due within one year	34	**(3,530)**		(3,340)	
Net current assets			**1,251**		1,667
Total assets less current liabilities			**10,525**		9,950
Provisions for liabilities	35		**(59)**		(57)
Net assets			**10,466**		9,893
Capital and reserves					
Called up share capital	19		**262**		264
Share premium account	20		**5,076**		5,076
Investment property revaluation reserve	36		**774**		107
Other reserves	37		**2,445**		2,496
Profit and loss account	38		**1,909**		1,950
Shareholders' funds – equity	39		**10,466**		9,893

These financial statements were approved by the board of directors on 26 November 2014 and were signed on its behalf by:

J Richard Wollenberg
Director

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

28 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of properties and certain investments, and in accordance with applicable accounting standards and with the Companies Act 2006 except as noted below under investment properties.

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Investment properties

Design, construction and management expenses together with interest incurred in respect of investment properties in the course of development are capitalised until the building is effectively completed and available for letting along with the costs directly attributable to the initial letting of newly developed properties. Thereafter they are charged to the profit and loss account. Whilst under development such properties are classified as assets in the course of construction and any accumulated revaluation surpluses or deficits are transferred from the investment property revaluation reserve to a separate revaluation reserve. These properties are also revalued at the year end and surpluses or deficits transferred to that revaluation reserve. As assets in the course of construction are not in use they are not depreciated.

When completed, these properties are transferred back to investment properties and accumulated revaluation surpluses or deficits transferred back to the investment property revaluation reserve.

In accordance with Statement of Standard Accounting Practice No. 19:

- investment properties are revalued annually and surpluses or deficits are transferred to a revaluation reserve unless a deficit on an individual property is considered permanent. In this case the deficit is charged to the profit and loss account and any subsequent reversal is credited to the profit and loss account in the period in which it arises; and
- no depreciation is provided in respect of freehold investment properties.

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act 2006 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Independent professional valuations for the company's investment properties are obtained by the directors annually. The most recent such valuations were obtained as at 30 September 2014.

Tangible fixed assets – other

Tangible fixed assets – other, comprise property, motor vehicles and fixtures, fittings and equipment.

Property is stated at valuation. An independent professional valuation for the company's freehold property is obtained by the directors annually. The most recent valuation was at 30 September 2014. Surpluses or deficits arising are transferred to a revaluation reserve with the exception of permanent deficits, which do not reverse previous surpluses, which are recognised in the profit and loss account.

Motor vehicles, plant and equipment are stated at cost less accumulated depreciation.

Provision is made for depreciation so as to write off their cost on a straight line basis over their expected useful life as follows:

- property – 50 years
- motor vehicles – 4 years
- fixtures, fittings and equipment – 4 years

28 ACCOUNTING POLICIES CONTINUED

Investments

Listed investments are stated at fair value.

Investments in subsidiary undertakings and joint ventures are stated at cost less any impairment.

Cash at bank and in hand

Cash comprises cash in hand and deposits repayable in line with notice periods determined by the company, less overdrafts payable on demand.

Share based payments

Information relating to the accounting policy and disclosure of share based payments is included in notes 2 and 19 respectively.

Taxation

Provision is made for corporation tax payable at current rates on the result for the period as adjusted for tax purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 – Deferred Tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the timing difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the tax benefit will be received.

Related party transactions

Under FRS 8 – Related Party Transactions, the company has taken advantage of the exemption not to disclose transactions with subsidiaries where 100% of the voting rights are controlled by the company.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability to the extent that they are appropriately declared and authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet this criteria are disclosed in the Directors' Report.

29 ADMINISTRATIVE EXPENSES

	2014 £'000	2013 £'000
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the annual accounts	**23**	23
Tax services	**5**	5
Other services	**3**	3
Depreciation of plant and equipment	**1**	1

Details of employee numbers and costs in respect of the company are given in note 6.

30 PROFIT FOR THE FINANCIAL YEAR OF THE COMPANY

The profit for the financial year dealt with in the financial statements of the company is as follows:

	2014 £'000	2013 £'000
Profit for the financial year	**249**	198

In accordance with the provisions of Section 408 of the Companies Act 2006 the company has not published a separate profit and loss account. The parent company's profit and loss account was approved by the board on 26 November 2014.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

31 TANGIBLE FIXED ASSETS–OTHER

	Own use freehold property £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At beginning of year	206	65	6	277
Additions	–	3	–	3
Revaluation	4	–	–	4
At end of year	**210**	**68**	**6**	**284**
Depreciation				
At beginning of year	–	64	6	70
Charge for year	–	1	–	1
At end of year	**–**	**65**	**6**	**71**
Net book value				
At 30 September 2014	**210**	**3**	**–**	**213**
At 30 September 2013	206	1	–	207

Own use freehold property was valued by Cushman & Wakefield LLP at market value as at 30 September 2014. The historical cost of the property is £202,000 (2013: £202,000).

32 INVESTMENTS

	Shares in group undertakings £'000	Shares in joint venture undertaking £'000	Listed investments £'000	Total £'000
At beginning of year	3,289	545	399	4,233
Additions	–	–	375	375
Revaluation of investments	–	–	(57)	(57)
At end of year	**3,289**	**545**	**717**	**4,551**

Group undertakings

The company's investments in group undertakings, all of which are incorporated in England and Wales, are as follows:

	Issued share capital held	Type of shares held	Activity
First Choice Estates plc	100%	Ordinary shares of £1 each	Property development
Thames Valley Retirement Homes Limited	100%	Ordinary shares of £1 each	Property development
Village Residential plc	100%	Ordinary shares of 10p each	Dormant
Cardiff Property (Construction) Limited	100%	Ordinary shares of £1 each	Dormant
Wadharma Holdings Limited	100%	Ordinary shares of £1 each	Dormant
Land Bureau Limited	100%	Ordinary shares of £1 each	Dormant

All of the above undertakings have been included within the consolidated financial statements.

Further information on listed investments and our joint venture, Campmoss Property Company Limited, is included in note 13.

33 DEBTORS

	2014 £'000	2013 £'000
Trade debtors	**61**	54
Amounts owed by subsidiary undertakings	**25**	25
Amounts owed by joint venture undertaking	**500**	636
Other debtors	**4**	3
Prepayments and accrued income	**125**	106
Deferred tax asset (note 35)	**5**	4
	720	828

34 CREDITORS

	2014 £'000	2013 £'000
Rents received in advance	**108**	72
Trade creditors	**13**	20
Amounts owed to subsidiary undertakings	**3,105**	3,009
Corporation tax	**70**	53
Other taxes and social security	**34**	20
Other creditors	**123**	85
Accruals and deferred income	**77**	81
	3,530	3,340

35 PROVISIONS FOR LIABILITIES

Deferred taxation

	2014 £'000	2013 £'000
At beginning of year	**(53)**	(60)
(Charge)/credit for the year in the profit and loss account	**(1)**	7
At end of year	**(54)**	(53)

Provision has been made for deferred taxation as follows:

	2014 £'000	2013 £'000
Difference between accumulated depreciation and amortisation and capital allowances	**(53)**	(60)
Other timing differences	**(1)**	7
Net deferred tax liability	**(54)**	(53)
Disclosed as:		
Deferred tax asset (note 33)	**5**	4
Deferred tax liability	**(59)**	(57)
Net deferred tax liability (see above)	**(54)**	(53)

The above deferred tax asset is not anticipated to be recoverable within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

36 INVESTMENT PROPERTY REVALUATION RESERVE

	£'000
At beginning of year	107
Revaluation in year	667
At end of year	**774**

37 OTHER RESERVES

	Revaluation reserve £'000	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
At beginning of year	137	490	1,869	2,496
Revaluation of property held for own use	4	–	–	4
Revaluation of investments	(57)	–	–	(57)
Purchase of own shares	–	2	–	2
At end of year	**84**	**492**	**1,869**	**2,445**

38 PROFIT AND LOSS ACCOUNT

	2014 £'000	2013 £'000
At beginning of year	**1,950**	1,930
Profit for the financial year	**249**	198
Dividends paid	**(167)**	(163)
Realisation of revaluation reserve	**–**	(15)
Own shares purchased in year	**(123)**	–
At end of year	**1,909**	1,950

39 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014 £'000	2013 £'000
Opening shareholders' funds	**9,893**	10,121
Profit for the financial year	**249**	198
Dividends paid	**(167)**	(163)
Revaluation of investment properties	**667**	(153)
Revaluation of other property	**4**	23
Revaluation of investments	**(57)**	(133)
Own shares purchased	**(123)**	–
Closing shareholders' funds	**10,466**	9,893

40 PARENT COMPANY RISKS

In accordance with FRS 29, the company has taken advantage of the exemption in the Standard not to disclose information about the parent company's exposure to financial instrument risks.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the one hundred and twenty eighth Annual General Meeting of The Cardiff Property Public Limited Company will be held at 56 Station Road, Egham, Surrey TW20 9LF on Thursday 22 January 2015 at 12 noon, for the following purposes:

Ordinary business

1. To receive the reports of the directors and auditor and the financial statements for the year ended 30 September 2014.

2. To approve the remuneration report for the year ended 30 September 2014.

3. To declare a dividend to be paid on 19 February 2015.

4. To re-elect as a director, J Richard Wollenberg who retires by rotation.

5. To re-appoint KPMG LLP as auditor of the company and to authorise the directors to determine its remuneration.

Special business

To consider and, if thought fit, to pass resolution 6 as an ordinary resolution and resolutions 7 and 8 as special resolutions.

6. That the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the company to allot, grant options over or otherwise deal with or dispose of the unissued share capital of the company provided that the authority hereby given:

   (a) shall be limited to unissued shares in the share capital of the company having an aggregate nominal value of £87,336; and

   (b) shall expire at the end of the next Annual General Meeting of the company unless previously renewed or varied save that the directors may, notwithstanding such expiry, allot, grant options over or otherwise deal with or dispose of any shares under this authority in pursuance of an offer or agreement so to do made by the company before the expiry of this authority.

SPECIAL RESOLUTIONS

7. Subject to the passing of the preceding ordinary resolution the directors be and they are hereby empowered pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the authority conferred in that behalf by the preceding ordinary resolution, as if section 561(1) of that Act did not apply to any such allotment, provided that this power shall be limited:

   (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them subject only to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements; and

   (b) to the allotment (otherwise than pursuant to subparagraph (a) above) of equity securities up to an aggregate nominal amount of £13,100 representing 5% of the present issued share capital of the company;

and shall expire on the date of the next Annual General Meeting of the company or 15 months from the passing of this resolution, whichever is the earlier, save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

8. Pursuant to article 12(2) of the company's articles of association that the company be and is hereby unconditionally and generally authorised to make market purchases (as defined in section 693(4) of the Companies Act 2006) of ordinary shares of 20 pence each in the capital of the company, provided that:

   (a) the maximum number of ordinary shares hereby authorised to be acquired is 196,375 representing 14.99% of the present issued share capital of the company;

   (b) the minimum price which may be paid for such shares is 20 pence per share which amount shall be exclusive of expenses;

   (c) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount (exclusive of expenses) equal to 105% of the average of the middle market quotations for an ordinary share of the company taken from the Daily Official List of The London Stock Exchange on the ten business days immediately preceding the day on which the share is contracted to be purchased;

   (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting or fifteen months from the passing of this resolution, whichever is the earlier; and

   (e) the company may make a contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

Registered office:
3 Assembly Square
Britannia Quay
Cardiff Bay
CF10 4AX

By order of the board

David A Whitaker FCA
Secretary
26 November 2014

Notes

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on his/her behalf at the meeting. A proxy need not be a member of the company.

2. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the form of proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

3. A form of proxy accompanies this notice. Forms of proxy, to be valid, must be delivered to the company's offices at 56 Station Road, Egham, Surrey TW20 9LF in accordance with the instructions printed thereon, not less than 48 hours before the time appointed for the holding of the meeting.

4. If you are not a member of the company but you have been nominated under section 146 of the Companies Act 2006 (the 'Act') by a member of the company to enjoy information rights, you do not have the rights of members in relation to the appointment of proxies set out in notes 1, 2 and 3. The rights described in those notes can only be exercised by members of the company.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Withheld" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

6. Information regarding the meeting, including the information required by section 311A of the Act, is available from www.cardiff-property.com.

7. As provided by Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the company 48 hours before the time set for the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

8. As at 16:00 hours on 25 November 2014, the company's issued share capital comprised 1,310,046 ordinary shares of 20 pence each. Each ordinary share carries the right to one vote at a general meeting of the company and, therefore, the total number of voting rights in the company at 16:00 hours on 25 November 2014 is 1,310,046.

9. Under section 319A of the Act, the company must answer any question you ask relating to the business being dealt with at the meeting unless (a) answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.

10. If you are a person who has been nominated under section 146 of the Act to enjoy information rights (a 'Nominated Person'), you may have a right under an agreement between you and the member of the company who has nominated you to have information rights (a 'Relevant Member') to be appointed or to have someone else appointed as a proxy for the meeting. If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights. Your main point of contact in terms of your investment in the company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the company) regarding any changes or queries relating to your personal details and your interest in the company (including any administrative matters). The only exception to this is where the company expressly requests a response from you.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

11. Members satisfying the thresholds in section 338 of the Act may require the company to give, to members of the company entitled to receive notice of the Annual General Meeting, notice of a resolution which those members intend to move (and which may properly be moved) at the Annual General Meeting. A resolution may properly be moved at the Annual General Meeting unless (i) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the company's constitution or otherwise); (ii) it is defamatory of any person; or (iii) it is frivolous or vexatious. The business which may be dealt with at the Annual General Meeting includes a resolution circulated pursuant to this right. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given, must be authenticated by the person(s) making it and must be received by the company not later than 6 weeks before the date of the Annual General Meeting.

12. Members satisfying the thresholds in section 338A of the Act may request the company to include in the business to be dealt with at the Annual General Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Annual General Meeting. A matter may properly be included in the business at the Annual General Meeting unless (i) it is defamatory of any person or (ii) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the matter to be included in the business, must be accompanied by a statement setting out the grounds for the request, must be authenticated by the person(s) making it and must be received by the company not later than 6 weeks before the date of the Annual General Meeting.

13. Members satisfying the thresholds in section 527 of the Act can require the company to publish a statement on its website setting out any matter relating to (i) the audit of the company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Annual General Meeting; or (ii) any circumstances connected with an auditor of the company ceasing to hold office since the last Annual General Meeting, which the members propose to raise at the meeting. The company cannot require the members requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the Annual General Meeting includes any statement that the company has been required to publish on its website pursuant to this right.

14. Copies of the directors' service contracts will be available for inspection at the registered office of the company during usual business hours from the date of this notice until the date of the Annual General Meeting, and also during and at least fifteen minutes before the beginning of the Annual General Meeting.

15. The company may hold in treasury any of its own shares purchased under the authority conferred by resolution 8 above. This would give the company the ability to reissue treasury shares and provides greater flexibility in the management of its capital base. Any shares purchased by the company not held in treasury will be cancelled and the number of shares in issue reduced accordingly.

CONSOLIDATED FIVE YEAR SUMMARY

Income Statement Items

		2014	2013	2012	2011	2010
Revenue						
Gross rental income	£'000	**534**	493	523	546	595
Sales of development properties	£'000	**–**	–	–	–	198
Total	£'000	**534**	493	523	546	793
Profit before taxation	£'000	**3,218**	1,319	435	788	500
Dividends paid and proposed in respect of the year*	£'000	**167**	166	165	165	165
Dividend cover	times	**19.3**	7.9	2.6	4.8	3.0
Dividend per share	pence	**12.95**	12.55	12.3	12.3	12.3
Earnings per share – basic	pence	**236.5**	94.2	26.5	50.3	20.9
Balance sheet items						
Total assets	£'000	**20,314**	17,448	16,511	16,321	15,795
Total liabilities	£'000	**(656)**	(559)	(571)	(599)	(682)
Net assets	£'000	**19,658**	16,889	15,940	15,722	15,113
Number of shares in issue at 30 September	'000	**1,310**	1,322	1,322	1,339	1,339
Net assets per share attributable to shareholders	pence	**1,500**	1,277	1,205	1,174	1,129
Gearing	per cent	**nil**	nil	nil	nil	nil

*Dividends represent the interim paid and the final declared in any one financial year.

FINANCIAL CALENDAR

27 November 2014	Results announced for the year ended 30 September 2014
22 January 2015	Annual General Meeting/General Meeting
28 January 2015	Ex dividend date for the final dividend
30 January 2015	Record date for the final dividend
19 February 2015	Final dividend to be paid
May 2015	Interim results for 2015 to be announced
July 2015	Interim dividend for 2015 to be paid
30 September 2015	Year end

The Cardiff Property plc
56 Station Road, Egham
Surrey TW20 9LF
Tel: 01784 437444
Fax: 01784 439157
www.cardiff-property.com