

**THE CARDIFF PROPERTY PLC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2018**



The group, including Campmoss, specialises in property investment and development in the Thames Valley. The total portfolio under management, valued in excess of £26m, 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 stragetic acquisitions.

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"A more cautious mood has been noticeable in the Thames Valley commercial property market over the last six months. Continued nervousness on the outcome of the Brexit negotiations, political uncertainty and increasing world-wide trade barriers have affected the willingness to commit to longer term contractual arrangements.

Despite the lower level of activity commercial property rental levels remain unchanged aided by a shortage of modern office space and small/medium sized industrial units with good parking and facilities. New Grade A office developments in certain Thames Valley locations continue to achieve high headline rents although leases are usually limited to a ten-year period. Future take up levels will however be important in determining rental growth."

**J. Richard Wollenberg**

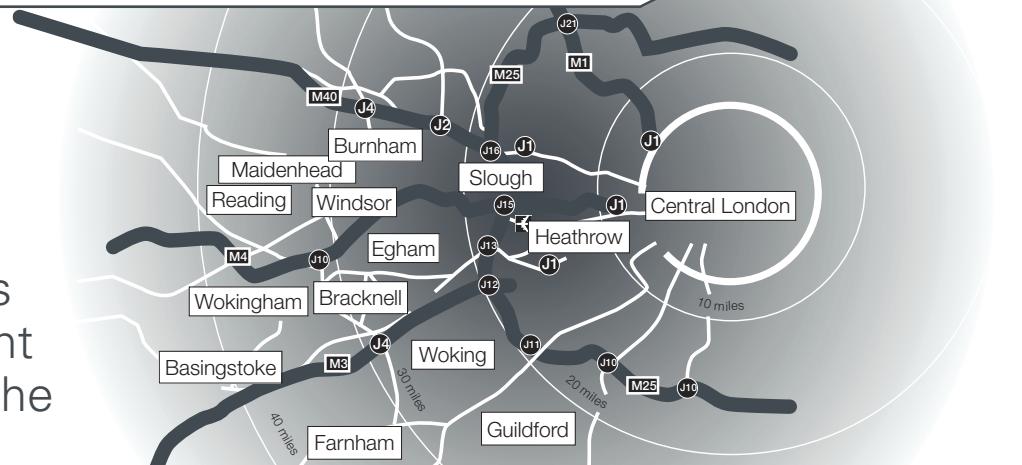
Chairman

## FINANCIAL HIGHLIGHTS

		2018	2017
Net Assets	£'000	<b>27,290</b>	26,860
Net Assets Per Share	pence	<b>2,178</b>	2,126
Profit Before Tax	£'000	<b>1,114</b>	3,359
Earnings Per Share – Basic and diluted	pence	<b>80.6</b>	253.7
Dividend Per Share	pence	<b>16.6</b>	15.5
Gearing	%	<b>Nil</b>	Nil

## LOCATIONS

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



### BRACKNELL

#### 1-10 Market Street\*

12 retail units on ground and first floors totalling 7,900 sq. ft. Let primarily to local businesses and franchisees on medium term leases producing £171,000 pa.

#### Alston House, 25 Market Street\*

Site under construction to achieve 10 retail units on ground and first floor totalling 12,350 sq. ft. (1,148 sq. m) and 12 two bedroom apartments on the 2nd and 3rd floors.

#### Gowring House Apartments\*

New conversion of 30 one and two bedroom apartments over the 5 upper floors with lift access. Works completed, 25 sold, 4 let and 1 available for sale. Gowring House is conveniently located for Bracknell railway station with direct connections to London Waterloo and Reading and within walking distance of the new town centre, including the Lexicon and Peel Shopping Centre.

#### Gowring House Commercial\*

3 ground floor retail units let on medium term leases producing £84,000 pa.

#### Westview\*

New development, adjacent to Gowring House, of 8 retail units on ground and first floors totalling 10,500 sq. ft. fully let producing £231,000 pa.

### 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. Part of the business centre and one floor of the new offices are available. Producing gross income of £418,000 pa.

### CARDIFF

#### Cowbridge Road

14,650 sq. ft. let to The Royal Mail as a mail sorting centre at £40,000 pa.

### EGHAM

#### Heritage Court

4 retail units let on medium term leases producing £81,000 pa.

#### Runnymede Road

Residential property adjacent to The White House. Planning approved for conversion of loft and rear extension and works underway.

#### Station Road

Company Head Office totalling 1,450 sq. ft.

### The White House

5 ground floor retail units with one floor of offices above totalling 12,000 sq. ft. Tenants include Boots opticians, Shaw Trust and Riven Associates, producing £221,000 pa.

### GUILDFORD

#### Tangley Place, Worplesdon\*

2.5 acres, land in green belt.

### MAIDENHEAD

#### Clivemont House\*

Building demolished. Planning approval for new 48,000 sq. ft. net B1 office scheme. Agents appointed to seek a pre-letting. Planning for residential development submitted.

#### Highway House\*

Building demolished. Planning approval for a new 45,000 sq. ft. net B1 office scheme. Agents appointed to seek a pre-letting. Land let on short term lease for car parking at a rental of £9,000 pa.

#### Maidenhead Enterprise Centre

6 business units totalling 14,000 sq. ft. let to local businesses on medium term leases producing £124,000 pa.

### SLOUGH

#### Datchet Meadows\*

Development of 37 apartments. All sold on long leases producing ground rents of £16,450 pa.

### READING

#### Tilehurst

Revised residential planning application for 6 houses to be submitted. Discussions with Local Authority are being progressed.

### WINDSOR

#### Windsor Business Centre

4 business units totalling 9,500 sq. ft. let on short and medium term leases producing rental of £182,000 pa. Tenants include Joyce Meyer Ministries and USB Flash Drive.

### WOKING

#### Britannia Wharf\*

Planning approved for a new 82-bedroom care home. As an alternative planning has been recommended for a 52-apartment residential scheme.

\* Owned by joint venture

# CHAIRMAN'S STATEMENT AND PROPERTY REVIEW

## DEAR SHAREHOLDER,

A more cautious mood has been noticeable in the Thames Valley commercial property market over the last six months. Continued nervousness on the outcome of the Brexit negotiations, political uncertainty and increasing world-wide trade barriers have affected the willingness to commit to longer term contractual arrangements.

Despite the lower level of activity commercial property rental levels remain unchanged aided by a shortage of modern office space and small/medium sized industrial units with good parking and facilities. New Grade A office developments in certain Thames Valley locations continue to achieve high headline rents although leases are usually limited to a ten-year period. Future take up levels will however be important in determining rental growth.

The commercial property investment market particularly for larger units with good covenants and long term leases remains firm with private, overseas and institutional investors attracted to the high rates of income return currently available.

Residential sales in Surrey and Berkshire, the group's main location of activity, have experienced a slow-down and asking prices have in some cases reduced by up to 10%. Low interest rates, the availability of mortgage finance and government incentive schemes continue to assist first time buyers and are particularly important to the group's development activities. Letting enquiries remain very positive.

## FINANCIAL

For the year to 30 September 2018 the group profit before tax was £1.11m (2017: £3.36m). This figure includes a revaluation decrease of £0.025m (2017: £0.90m) for the group and a profit of £0.34m (2017: £1.84m) in respect of our post tax profit share of Campmoss Property Company Limited, our 47.62% owned joint venture. Last year's group profit included £1.36m, being Cardiff's share from the sale of Tangleay Place, Worplesdon.

Revenue for the year which represented gross rental income, excluding Campmoss, totalled £0.65m (2017: £0.55m).

The profit after tax attributable to shareholders for the financial year was £1.01m (2017: £3.22m) and the earnings per share was 80.6p (2017: 253.7p).

At the year-end, the company's commercial and residential portfolio, valued by Kempton Carr Croft and Nevin & Wells, totalled £5.91m (2017: £5.79m). This value excludes own use freehold property, which is included under property, plant and equipment in the balance sheet and held at valuation.

Property when completed and held for re-sale is shown in the balance sheet as inventory 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 own use freehold property and the Campmoss investment and development portfolio in total, was valued at £26.8m (2017: £25.6m). The company's share of the net assets of Campmoss was £15.20m (2017: £14.86m). During the year Campmoss obtained vacant possession of its office building in Woking, Surrey with a view to planning and re-development, further details are included in the Campmoss section of this report.

The group's net assets as at the year-end were £27.29m (2017: £26.86m) equivalent to £21.78 per share (2017: £21.26) an increase of 2.5% over the year (2017: 13.3%). The group, including Campmoss, has adequate financial facilities and resources to complete works in progress and both the proposed and potential development programme. Cash balances are held on short term deposit. At the year-end the company had nil gearing (2017: nil). During the year the company purchased and cancelled 10,809 ordinary shares at a total cost of £194,175.

Your directors are proposing the annual renewal of their authority to acquire shares and 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 convened on 17 January 2019. 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](http://www.cardiff-property.com).

Current IFRS accounting recommends that deferred tax is chargeable on the difference between the indexed cost of properties and quoted investments held and their current market value. However, IFRS accounting does not require the same treatment in respect of the group's unquoted investment in Campmoss Property, our 47.62% owned joint venture. The investment in Campmoss is a substantial part of the company's net assets and for indicative purposes a disposal of this investment based on the value in the company's balance sheet at the year-end would realise a tax liability of £2.58m (2017: £2.53m) equivalent to £2.06 (2017: £2.00) per share calculated using a tax rate of 17%. This information is provided to shareholders as an additional non-statutory disclosure.

## DIVIDEND

The directors recommend a final dividend of 12.2p per share (2017: 11.5p) making a total dividend for the year of 16.6p (2017: 15.5p) an increase of 7.1%. The final dividend will be paid on 14 February 2019 to shareholders on the register at 25 January 2019.

## CHAIRMAN'S STATEMENT AND PROPERTY REVIEW CONTINUED

	<b>Dividend per share</b> pence	<b>Net assets per share</b> pence	<b>Profit before tax</b> £'000	<b>Earnings per share</b> pence
<b>2018</b>	<b>16.60</b>	<b>2,178</b>	<b>1,114</b>	<b>80.6</b>
<b>2017</b>	15.50	2,126	3,359	253.7
<b>2016</b>	14.00	1,876	2,673	195.3
<b>2015</b>	13.50	1,684	2,586	191.3
<b>2014</b>	12.95	1,490	3,218	236.5

### THE PROPERTY PORTFOLIO

The group's investment and development activities are primarily concentrated in the Thames Valley to the west of London, close to Heathrow Airport, and in Surrey and Berkshire.

The White House, Egham, consists of 5 ground floor retail units and 5,100 sq. ft. net of air-conditioned office space on the upper floor. One of the office leases is due to expire at the end of the calendar year and following extensive refurbishment, discussions with a new tenant are currently in hand. The remainder of the retail and office space are let on a number of separate medium term leases.

The Windsor Business Centre, Windsor, comprises 4 business units totalling 9,500 sq. ft. A further planning permission was recently granted to increase the useable office area within 3 of the units. One unit was extensively refurbished prior to securing a new letting. The 4 business units are all let on medium term leases.

The Maidenhead Enterprise Centre, Maidenhead, comprises 6 business units totalling 14,000 sq. ft. Two lease renewals have been achieved at higher rental levels and discussions are in hand with an existing tenant to renew their lease. The majority of leases are for 3-5 year periods.

At Heritage Court, Egham, adjacent to the company's offices the building comprises 4 retail units on the ground floor with 8 residential apartments on the upper three floors. The apartments were previously sold on long leaseholds. Negotiations are currently in hand for the renewal of a lease on one of the retail units with the remainder let on medium term leases.

Cowbridge Road, Cardiff, comprises a 14,650 sq. ft. commercial property on 2 floors and let to Royal Mail for use as a mail sorting centre. The lease expires next year and we are in discussion with the tenant for a renewal of their lease. A planning application to extend the upper floor has recently been submitted.

The company occupies its own freehold office in Egham and retains a nearby freehold residential property which is currently undergoing extensive improvement works. A decision to either let on an Assured Shorthold Tenancy or dispose of the property will be taken when the works have been completed.

At Tilehurst, Reading, an outline residential planning application for 14 apartments was refused earlier in the year. Further discussions are taking place with a view to progressing an amended application.

### CAMPMOSS PROPERTY COMPANY LIMITED & SUBSIDIARIES

During the year Campmoss continued to implement its development programme and work towards achieving important planning permissions for existing assets in the portfolio. This has affected annual rental income as vacant possession of a major property in Woking has been obtained and lettings in Burnham are being restricted to short term.

The portfolio comprises freehold office, retail and residential property in Bracknell, Burnham, Slough, Maidenhead and Woking some of which are undergoing extensive plans for development.

The company's current development programme primarily involves a new retail and residential development in Market Street, Bracknell.

## CHAIRMAN'S STATEMENT AND PROPERTY REVIEW CONTINUED

Gowring House, Market Street, Bracknell, previously an office building on ground and five upper floors, was converted over the last few years into 30 residential units on the upper floors with three retail units on the ground floor. Sales of 25 apartments on long leases have now been completed of which 8 took place during the current year. Four apartments are let on an Assured Shorthold Tenancy basis and one unit is currently available. The three retail units are all let on medium term leases.

At Westview, Market Street, the recently completed development of 8 retail units on ground and first floor is fully let on medium to long term leases. Further along Market Street (1-10), the company retains 12 retail units on ground and first floor all of which are currently let to local businesses on medium term leases.

The development of 10 new retail units on ground and first floor and 12 residential units on second and third floors, known as Alston House, Market Street, Bracknell, is expected to complete at the end of the calendar year. Considerable interest has been shown by prospective tenants for the retail units and two leases have already exchanged. Agents have been appointed for both the residential apartments and retail units.

At Britannia Wharf, Woking, as referred to earlier, vacant possession was achieved last year, and the building has now been demolished. Planning permission for an 82-bedroom care home was successfully achieved in July 2017 and an alternative residential scheme for 52 apartments has been recommended for approval subject to various conditions. Discussions with a care home management group are taking place whilst final planning conditions for the residential scheme are being agreed with the Local Authority.

At Clivemont House and Highway House, Maidenhead planning permissions were previously granted for separate office schemes of 48,000 sq. ft. net and 45,000 sq. ft. net. Commencement of these developments will only proceed when a significant pre-letting is achieved. We are currently awaiting the outcome of a revised residential planning application at Clivemont House.

The Priory, Burnham consists of new office premises on three floors totalling 17,000 sq. ft. and an adjoining grade II Listed Office Building of 9,000 sq. ft. which is used as a business centre. Part of the offices and business centre are currently available on a short-term basis. The company is preparing a planning application for re-development of the property.

At the year end the Campmoss investment portfolio was valued by its directors taking into account external advice, where available, and at current market value of £19.3m (2017: £17.4m). This figure includes property under development but excludes inventory.

Total revenue for Campmoss for the year amounted to £2.9m (2017: £2.6m) representing gross rental income of £1.0m (2017: £2.1m) and sales of property held as inventory of £1.9m (2017: £0.5m). As explained earlier, rental income for the year was primarily lower due to obtaining vacant possession of Britannia Wharf, Woking prior to commencing any development. At the year-end the company's substantial cash balances are held on short term deposit. At the year-end the company had nil gearing (2017: nil).

### QUOTED INVESTMENTS

The company retains a small quoted equity and retail bond portfolio the latter producing a short to medium term attractive income stream. The value of the equity holdings reduced over the year although the portfolio value at year-end exceeds the original cost. The equity investments include Galileo Resources plc and Aquila Services Group plc both of which I remain as a non-executive director.

### RELATIONSHIP AGREEMENT

The company has entered into a written and legally binding relationship agreement with myself, its controlling shareholder, to address the requirements of LR9.2.2AR of the Listing Rules.

### MANAGEMENT AND TEAM

It has been another busy year and on behalf of shareholders I wish to take this opportunity of thanking our small management team and joint venture partner for all their effort, achievements and support. The intense day to day management of the group's portfolio remains essential in achieving continued success.

### OUTLOOK

The UK economy continues to report growth despite uncertainties surrounding the future trading position of the UK and world-wide trade. It will be important that activity in the commercial and residential markets over the forthcoming months remains at a sustainable level.

The group should benefit from its current development and planning programme and I therefore look forward to reporting further at the half year.

### J Richard Wollenberg

Chairman

26 November 2018

# 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 (and its subsidiaries), is valued at the year-end in excess of £26m, 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 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 by managing its existing freehold property portfolio and rapid response to opportunities as they arise and is focused on the long term.

The year under review has again achieved expectations with the group's underlying profitability remaining strong. The group returned a net profit before tax of £1.11m (2017: £3.36m) including our share of the after-tax profits of Campmoss of £0.34m (2017: £1.84m).

The effectiveness of the group's strategy is reflected in its performance over recent years. In the three years to 30 September 2017 net assets per share increased 42.7% from 1,490p per share to 2,126p per share, with a further increase of 2.5% to 2,178p at 30 September 2018. The group benefits from substantial cash deposits and ongoing profitability. The dividend increased from 12.95p per share to 15.50p per share over the period from September 2014 to September 2017 and, for the current year, has been increased by 7.1% to 16.6p per share.

The group is continuing to manage its portfolio, which is now predominantly let. Campmoss is developing commercial and residential units at Alston House, Bracknell. During the year Campmoss sold a further 8 apartments at Gowring House leaving 5 of the 30 apartments. For the longer term the group is well placed to take advantage of any further upturn in the property market and retains 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, with existing planning consents for two separate office developments. During the year planning was granted for a new 82-bedroom care home at the site of Britannia Wharf.

## 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; 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 the implication on planning legislation 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 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*	2	1
Employees	–	3

\* includes non-executive director

## STRATEGIC REPORT CONTINUED

### CORPORATE SOCIAL RESPONSIBILITY

In carrying out 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 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 minimising 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 8.

**J Richard Wollenberg**

Chairman

26 November 2018

# FINANCIAL REVIEW

## CONSOLIDATED FIVE YEAR SUMMARY

		2018	2017	2016	2015	2014
<b>Income statement items</b>						
Revenue being gross rental income	£'000	<b>650</b>	552	580	577	534
Profit before taxation	£'000	<b>1,114</b>	3,359	2,673	2,586	3,218
Dividends paid and proposed in respect of the year <sup>(1)</sup>	£'000	<b>208</b>	196	178	174	167
Dividend cover <sup>(2)</sup>	times	<b>5.4</b>	17.1	15.0	14.9	19.3
Dividend per share <sup>(3)</sup>	pence	<b>16.6</b>	15.5	14.0	13.5	13.0
Earnings per share <sup>(4)</sup>	pence	<b>80.6</b>	253.7	195.3	191.3	236.5
<b>Balance sheet items</b>						
Total assets	£'000	<b>28,043</b>	27,649	24,537	22,232	20,180
Total liabilities	£'000	<b>(753)</b>	(789)	(698)	(675)	(656)
Net assets	£'000	<b>27,290</b>	26,860	23,839	21,557	19,524
Number of shares in issue at 30 September	'000	<b>1,253</b>	1,264	1,271	1,280	1,310
Net assets per share attributable to shareholders <sup>(5)</sup>	pence	<b>2,178</b>	2,126	1,876	1,684	1,490
Gearing	per cent	<b>nil</b>	nil	nil	Nil	nil

(1) Dividends paid and proposed in respect of the year represent the interim paid and the final declared in any one financial year.

(2) Dividend cover is calculated as profit before taxation divided by dividends paid and proposed in respect of the year.

(3) Dividend per share is the interim dividend paid and final dividend proposed for the year ended 30 September.

(4) Earnings per share is calculated as profit after taxation divided by the weighted average number of shares, note 9.

(5) Net assets per share attributable to shareholders is calculated as net assets divided by number of shares in issue at 30 September.

### INCOME STATEMENT

Revenue, being gross rents receivable, amounted to £650,000 (2017: £552,000).

Sales of investment properties are treated as disposals of non-current assets with only the gain or loss on sale based on the difference between the proceeds and the balance sheet valuation being reflected in the income statement. Sales made by Campmoss are not included in the group's revenue under IFRS rules.

Earnings per share is 80.6p (2017: 253.7p).

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 a decrease in the value of the group's commercial portfolio of £25,000 (2017: £900,000) and an increase in the residential portfolio of £nil (2017: £5,000). Movements on the valuation of investment properties are taken to the Income Statement in accordance with IFRS. Movements on the valuations of the group's head office are taken to reserves.

### BALANCE SHEET

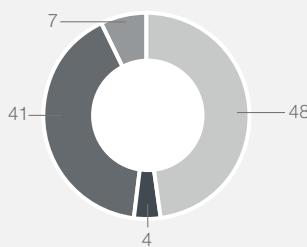
Total assets amount to:

	2018 £'000	2017 £'000
Investment properties	<b>5,927</b>	5,792
Property, plant and equipment	<b>298</b>	303
Investment in joint venture	<b>15,200</b>	14,864
Other financial assets – investments	<b>886</b>	1,071
Deferred tax asset	–	5
Inventory	<b>672</b>	668
Trade and other receivables	<b>142</b>	91
Financial assets - deposits	<b>200</b>	1,370
Cash and cash equivalents	<b>4,718</b>	3,485
Total	<b>28,043</b>	27,649

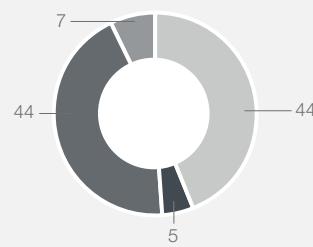
## FINANCIAL REVIEW CONTINUED

### ANALYSIS OF GROUP PROPERTY PORTFOLIO

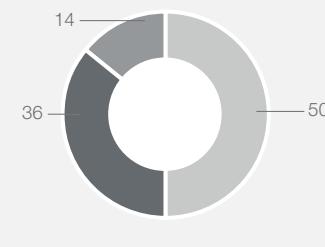
#### By Capital Value (%) (including development properties)



#### By Capital Value (%) (excluding development properties)



#### By Rental Income (%) (excluding development properties)



In accordance with IAS 16 the group's owner-occupied office building in Egham, valued at £290,000 on 30 September 2018 (2017: £290,000) 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 10,809 of its own shares (2017: 7,128) at a total cost (including stamp duty and fees) of £194,175 (2017: £115,773).

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 £27.29m (2017: £26.86m) equivalent to 2,178p per share (2017: 2,126p), an increase of 2.5% over the year.

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

### 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:

	2018 £'000	2017 £'000
<b>Group</b>		
Investment properties	<b>5,927</b>	5,792
Own use freehold property	<b>290</b>	290
Development properties (inventory)	<b>672</b>	668
<b>Campmoss</b>		
Investment properties	<b>19,286</b>	17,374
Development properties (inventory)	<b>621</b>	1,489
<b>Total</b>	<b>26,796</b>	25,613

### 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 (2017: nil).

## FINANCIAL REVIEW CONTINUED

### JOINT VENTURE

Our joint venture, Campmoss Property Company Limited, including its wholly owned subsidiaries, Campmoss Property Developments Limited and Campmoss Property (Tangleay Place) Limited, results are summarised as follows:

	<b>2018</b> £'000	2017 £'000
Revenue	<b>2,886</b>	2,565
Cost of sales	<b>(2,008)</b>	(1,910)
Other income	<b>139</b>	10
Admin expenses	<b>(148)</b>	(160)
(Deficit)/surplus on revaluation of investment properties	<b>(305)</b>	616
Net interest	<b>98</b>	(23)
Profit on sale of investment properties	—	3,399
Profit before tax	<b>662</b>	4,497
Other comprehensive income	—	—
Net assets	<b>31,921</b>	31,214

**K Chandler FCA**

Finance director

26 November 2018

# DIRECTORS AND ADVISERS

**DIRECTORS**

J Richard Wollenberg  
Chairman and chief executive

Karen L Chandler FCA  
Finance director

Nigel D Jamieson BSc, FCSI  
Independent non-executive director

**SECRETARY**

Karen L Chandler FCA

**HEAD OFFICE**

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

**REGISTERED OFFICE**

56 Station Road, Egham, Surrey, TW20 9LF

**REGISTERED NUMBER**

00022705

**AUDITOR**

Saffery Champness LLP  
Chartered Accountants  
71 Queen Victoria Street, London, EC4V 4BE

**STOCKBROKERS AND FINANCIAL ADVISERS**

Stockdale Securities Limited  
Beaufort House, 15 St Botolph Street, London, EC3A 7BB

**BANKERS**

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

**SOLICITORS**

Blake Morgan LLP  
One Central Square, Cardiff, CF10 1FS

**REGISTRAR AND TRANSFER OFFICE**

Neville Registrars Limited  
Neville House, Steelpark Road, Halesowen, B62 8HD  
Telephone: 0121 585 1131

**J RICHARD WOLLENBERG (AGED 70)****Chairman and chief executive**

Was appointed a director of the company in 1980, became chief executive in 1981 and chairman in 1989. J Richard 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 and its subsidiaries. He is also a non-executive director of Aquila Services Group plc, which is quoted on the London Stock Exchange and a non-executive director of Galileo Resources plc, which is quoted on AIM.

**KAREN L CHANDLER (AGED 46)****Finance director**

Was appointed a director of the company on 21 January 2016. She is a chartered accountant having qualified with KPMG and has previously served as CFO of AIM quoted Zenergy Power (now Cloud Call plc) and of a number of private companies.

**NIGEL D JAMIESON BSC, FCSI (AGED 68)****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 30 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 68)**

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 Aquila Services Group 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 2018. The Corporate Governance Statement set out on pages 14 to 16 forms part of this report.

## RESULTS

The results of the group for the year are set out in the audited financial statements on pages 25 to 45.

## DIVIDENDS

The directors recommend a final dividend for the year of 12.2p per share (2017: 11.5p) payable on 14 February 2019. The total dividend paid and proposed in respect of the year, including the interim dividend of 4.4p (2017: 4.0p) per share, amounts to 16.6p per share (2017: 15.5p).

## 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. 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 10. A description of corporate social responsibility activities is included in the Strategic Report on page 7.

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 43.

## DIRECTORS

The current directors of the company and the non-executive director of a wholly owned subsidiary are listed on page 11. All served throughout the financial year.

In accordance with the company's articles of association, Nigel D Jamieson will retire by rotation at the Annual General Meeting.

## DIRECTORS' INTERESTS

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

	At	At
	30 September	1 October
	2018	2017
	£'000	£'000
	Beneficial	Beneficial
K L Chandler	100	100
N D Jamieson	1,500	1,500
J R Wollenberg	561,298	561,298

There were no changes in the directors' shareholdings as stated above between 1 October 2018 and 26 November 2018.

At 30 September 2018 J Richard Wollenberg held 25,000 (2017: 25,000) ordinary shares of £1 each in Campmoss Property Company Limited, a joint venture, representing 2.38% (2017: 2.38%) of the issued share capital of that company. No other director has any interest in the share capital of any other group company.

## DIRECTORS' OPTIONS

No director held options at 30 September 2018 (2017: nil).

## SUBSTANTIAL SHAREHOLDINGS

Other than J. Richard Wollenberg referred to above who holds 44.80%, the company has not been notified of any holdings of 3% or more in the share capital of the company at 26 November 2018.

## 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 £12,527, representing 5% of the present issued ordinary share capital of the company.

## PURCHASE OF OWN SHARES

At the Annual General Meeting held on 18 January 2018, authority was renewed empowering your directors to make market purchases of up to 189,411 of the company's own ordinary shares of 20p each. Under that authority, your directors made market purchases of 5,809 shares (nominal value £1,162) in February 2018 representing 0.45% of the issued share capital at 18 January 2018 and 5,000 shares (nominal value £1,000) in May 2018 representing 0.39% of the issued share capital at 18 January 2018. These shares were purchased for an aggregate value of £194,175 (including stamp duty and charges) and cancelled. The number of shares in issue following these transactions was 1,252,772.

## 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 17 January 2019. 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 53 authorising the directors to purchase up to 187,791 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 2020 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

Saffery Champness LLP were appointed as auditor to the company, and in accordance with Section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put 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 they ought to have taken as a director to make themselves 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 its operations and does not have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, (including those within our underlying investment portfolio).

### DIRECTORS AND OFFICER'S 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 options and share capital are given in notes 18 and 19 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 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.

### RELATIONSHIP AGREEMENT

The company has entered into a written and legally binding relationship agreement with the board due to J R Wollenberg being a controlling shareholder, to address the requirements of LR9.2.2AR of the Listing Rules.

### J Richard Wollenberg

Chairman

26 November 2018

# 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 18 to 20, 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.

The board have conducted an internal performance evaluation of the board, its committee and the individual directors, led by independent non-executive director Nigel D Jamieson supported by J Richard Wollenberg and Karen L Chandler. Given the size of the company the board has concluded that an independent facilitation of the performance evaluation was not necessary, but this will be kept under review. The board has assessed the skills and knowledge of the board and will continue to keep this under review.

## 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 requiring board approval. This includes publication of annual report and interim results, payment of dividends, purchasing of property, appointment of auditors, appointment of directors, donations, property valuations, acquisition or disposal of investments and other material decisions. The board met three times during the year. The board views the non-executive director as independent of the board, notwithstanding his tenure being more than 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.

The audit committee has concluded due to the size of the company that an internal audit function is not required but this will be reviewed at least annually.

## 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 (2017: £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 considers 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 includes the property held by the group's joint venture.

This issue was discussed with management during the year and with the auditor at the time the committee reviewed and agreed the auditor's 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 held by the parent company each year. The directors of the joint venture value its properties each year considering yields on similar properties in the area, vacant space and covenant strength. They also consider external valuations and take external advice where necessary.

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. Based on 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.

## CORPORATE GOVERNANCE CONTINUED

### 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.

### 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 chairman 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 (2016).

## CORPORATE GOVERNANCE CONTINUED

### 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 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

After making enquiries the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for at least 12 months from the date of this report. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### VIABILITY STATEMENT

In accordance with provision C.2.2 of the 2016 revision of the Code, the directors have assessed the prospect of the company over a longer period than the 12 months required by the 'Going Concern' provision. The board conducted this review for a period of five years, which was selected for the following reasons:

- the group's strategic review covers a five-year period;
- for a major scheme five years is a reasonable approximation of the maximum time taken from obtaining planning permission to letting the property; and
- most leases contain a five-year rent review pattern and therefore five years allows for the forecasts to include the reversion arising from those reviews.

The five-year strategic review considers the group's cash flows, dividend cover and other key financial ratios over the period. These metrics are subject to sensitivity analysis, which involves flexing a number of the main assumptions underlying the forecast both individually and in unison. Where appropriate, this analysis is carried out to evaluate the potential impact of the group's principal risks actually occurring. The five-year review also makes certain assumptions about the normal level of capital recycling likely to occur and considers whether additional financing facilities will be required.

In its assessment of the viability of the group, the directors have considered each of the group's principal risks and uncertainties detailed on page 6 and in note 28, and in particular the impact of a significant fall in the UK property market on the value of the group's investment property portfolio. The directors have also considered the group's income and expenditure projections as well as potential impacts from Brexit.

The directors confirm that their assessment of the principal risks facing the group was robust. Based upon the robust assessment of the principal risks facing the group as detailed on page 6 and in note 28, and their stress-testing based assessment of the group's prospects as described above, the directors have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

Registered office:  
56 Station Road  
Egham  
Surrey  
TW20 9LF

By order of the board  
**K Chandler FCA**  
Secretary  
26 November 2018

# STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

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 International Financial Reporting Standards as adopted by the European Union (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, including FRS 101 Reduced Disclosure Framework.

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, relevant, reliable 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;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 complies 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 OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, 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 review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, 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**

26 November 2018

# REMUNERATION REPORT

## ANNUAL STATEMENT

### Composition of the remuneration committee (not subject to audit)

Nigel D Jamieson	independent non-executive director, chairman of the committee
Karen L Chandler	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 (not subject to audit)

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 Conduct 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 (not subject to audit)

The remuneration policy was in effect from 1 October 2017 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 of 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 – reviewed annually;
- annual performance bonus - members of staff (excluding directors) are eligible to participate in the company's discretionary bonus scheme. J Richard 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. The increase in net assets per share was 2.5% (2017: 13.3%). Karen Chandler is eligible to receive a bonus as determined by the remuneration committee, any such bonus not to exceed a maximum of 50% of that salary;

- taxable benefits – provision of health care for J Richard Wollenberg;
- pension benefits – the company has set up a work place pension scheme which employees were invited to join following the staging date of March 2017. J Richard Wollenberg is entitled to pension contributions at the rate of 20% (2017: 20%) of salary and bonuses, which for the year to 30 September 2018 he elected to take as salary; 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 FTSE Real Estate Index over the same period.

No options have been granted in the current or previous financial year and all previous options have lapsed.

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

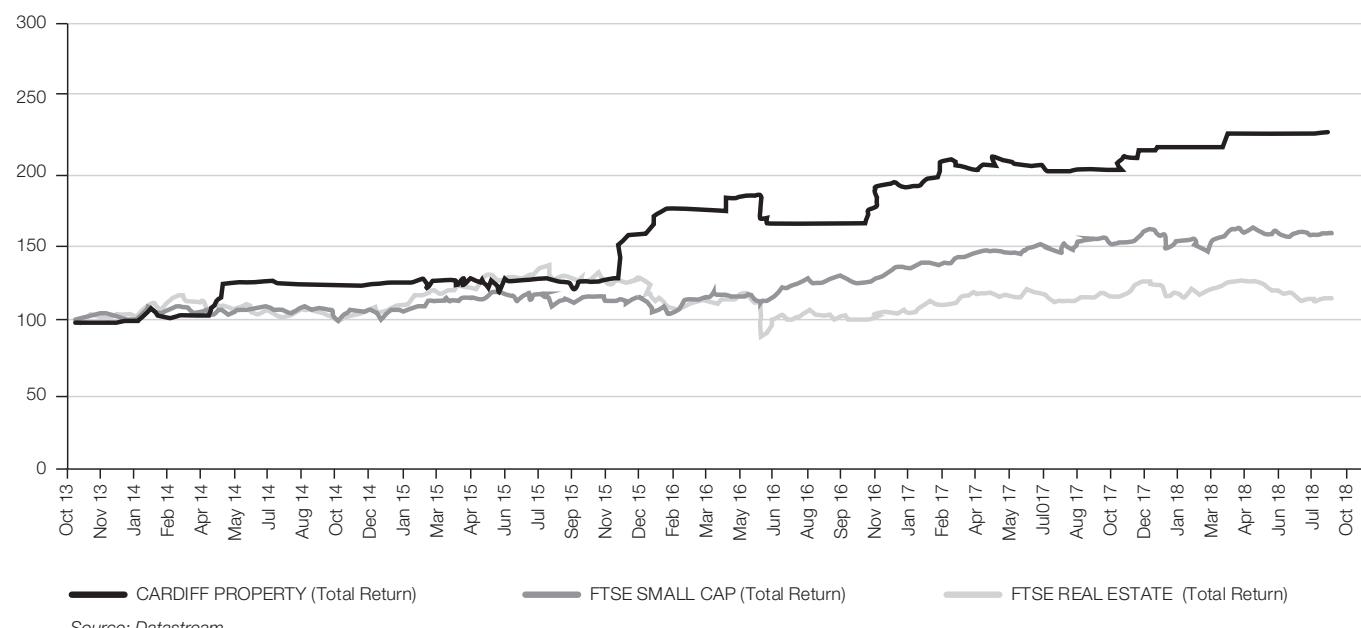
It is intended that these policies will be continued for the next year and subsequent years.

## IMPLEMENTATION REPORT (NOT SUBJECT TO AUDIT)

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.



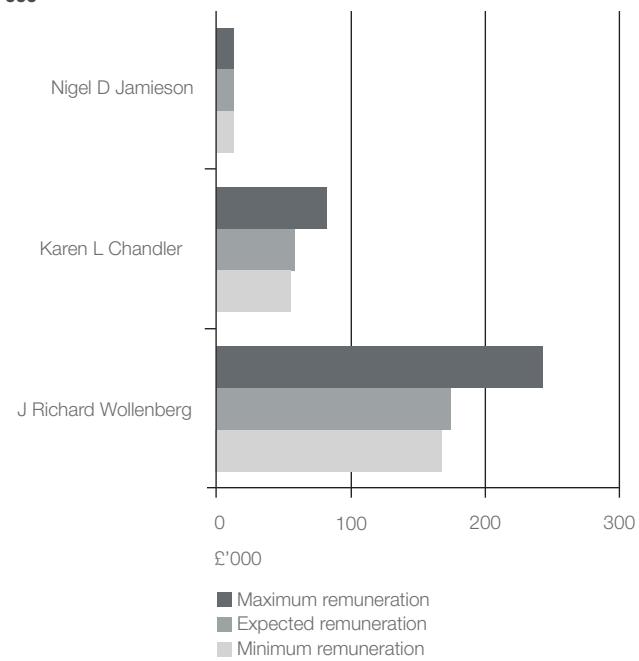
Source: Datastream

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

	2018 £'000	2017 £'000	% change
Total employee costs	401	378	6.1
Dividends	200	183	9.3

The total remuneration (including pension contributions) paid to the Chief Executive Officer as disclosed in note 7 was £177,000 (2017: £212,000) representing a 16.7% decrease in the year. J Richard Wollenberg's basic salary has remained the same. The maximum potential remuneration of J Richard Wollenberg assuming the maximum bonus of 50% was received would be £245,000.

### MAXIMUM, MINIMUM AND EXPECTED DIRECTOR REMUNERATION £'000



## REMUNERATION REPORT CONTINUED

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### **SERVICE CONTRACTS (NOT SUBJECT TO AUDIT)**

J Richard 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 J Richard Wollenberg's services at the current terms of his employment.

K Chandler 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 (NOT SUBJECT TO AUDIT)**

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 (NOT SUBJECT TO AUDIT)**

At the AGM held on 18 January 2018, 100% of votes cast were for the remuneration report.

### **DIRECTORS' REMUNERATION AND DIRECTORS' OPTIONS (SUBJECT TO AUDIT)**

Particulars of directors' remuneration, including pensions and directors' options, which, under the Companies Act 2006 are required to be audited, are given in note 7 to the financial statements on page 34 and in the report of the directors on page 12.

### **EXTERNAL APPOINTMENTS (NOT SUBJECT TO AUDIT)**

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 2018 and signed on its behalf by:

**Nigel D Jamieson BSc, FCSI**

Chairman of the Remuneration Committee

26 November 2018

# INDEPENDENT AUDITOR'S REPORT

## OPINION

We have audited the financial statements of The Cardiff Property Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2018 which comprise the following:

- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income and Expense for the year then ended
- the Consolidated Balance Sheet as at 30 September 2018
- the Consolidated Cash Flow Statement
- the Consolidated Statement of Changes in Equity
- the Notes to the financial statements, including a summary of significant accounting policies
- the Company Balance Sheet as at 30 September 2018
- the Company Statement of Changes in Equity.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is United Kingdom Accounting Standards, comprising FRS101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice), and applicable law.

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the group and of the parent company as at 30 September 2018 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- 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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## CONCLUSIONS RELATING TO PRINCIPAL RISKS, GOING CONCERN AND VIABILITY STATEMENT

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosure in the annual report set out on page 6 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 16 in the annual report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 16 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group and the parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R (3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation set out on page 16 in the annual report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT CONTINUED

### INVESTMENT PROPERTY VALUATION

The valuation of the group's investment and development property is the key component of the net asset value and underpins the group's result for the year. At 30 September 2018 the group investment property value was £5.927m (2017: £5.792m) as well as £9.184m (the group's share) in investment properties held in a joint venture. The parent company value of investment property held was £5.906m (2017: £5.785m).

The valuation of property (including investment properties, investment properties held in a joint venture and trading properties) requires significant judgement and estimates by management and the external valuer where applicable. The valuation of the group's property portfolio is inherently subjective due to, among other factors, the individual nature of the properties, its location and expected future rentals, yield data and comparable market transactions.

How the scope of our audit responded to the key audit matter:

- We evaluated the competence, independence and integrity of the respective valuers.
- We read the external valuation reports and confirmed that the valuation approach was in accordance with RICS standards suitable for use in determining the carrying value for the purpose of the financial statements.
- For internal valuations, performed by the directors in respect of investment properties held by the joint venture, we evaluated the valuation with reference to underlying market data and benchmarks, as well as comparable transactions.
- We met with management and the external valuers and gained an understanding of the valuation methods and assumptions used. The review was conducted with reference to market data and benchmarks.
- We assessed and substantively tested the methodology, inputs and assumptions used in valuing the investment properties.

Based on our procedures we found the valuation of investment property to be appropriate. We have concluded the inputs, assumptions and methodology used by management and the external valuer to be reasonable.

### OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinion. Our overall objective as auditor is to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, whether due to fraud or error. We consider a misstatement to be material where it could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We have determined a materiality of £275,000 for the group financial statements as a whole. This is based on 1% of net assets.

Materiality for the parent company financial statements as a whole was set at £150,000. This based on 1% of net assets.

In the Consolidated Income Statement we have applied a specific materiality of £15,000. This is based on 3% of the group's Revenue.

Performance materiality is the application of materiality at the individual account or balance level. We set it at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality. On the basis of our risk assessment of the group's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £206,000.

Our reporting threshold, being the amount below which identified misstatements are considered as being clearly trivial, was set at £13,500 for the group financial statements.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality and qualitative considerations in forming our opinion.

We communicate all misstatements to the Audit Committee.

### AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our group audit was scoped by obtaining an understanding of the group and its environment and assessing the risks of material misstatements. The audit of the group (including subsidiaries) and the parent company is audited by one audit team led by the senior statutory auditor.

We perform full scope audits for all of the group's subsidiaries and joint ventures which are subject to audit at statutory materiality which is lower than group materiality. We also tested the consolidation process to ensure the correct aggregation for the purpose of the group financial statements.

### EXPLANATION OF THE EXTEND TO WHICH OUR AUDIT CAN DETECT FRAUD

The objectives of our audit, in respect of fraud, are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risk of material misstatement due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud risks with both those charged with governance of the entity and management.

We assessed the susceptibility of the group's financial statements to material misstatement by considering the programs and controls that the group has established

## INDEPENDENT AUDITOR'S REPORT CONTINUED

to address risks identified by the entity and how senior management monitor those programs and controls, and by evaluating conditions in the context of incentive/pressure to commit fraud, considering the opportunity to commit fraud.

Based on our understanding obtained through the procedures outlined above, we designed our audit procedures to identify non-compliance with the aforementioned laws and regulations. Our procedures included journal entry testing, inquiries of management, and focused testing, as referred to in the key audit matters section above.

### OTHER INFORMATION

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

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

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable set out on page 17**

– the statement given by the directors that they consider 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, is materially inconsistent with our knowledge obtained in the audit; or

- **Audit committee reporting set out on pages 14 and 15**

– the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or

- **Directors' statement of compliance with the UK Corporate Governance Code set out on page 15**

– the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

### OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the Strategic report or the Directors' Report;

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements 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

## INDEPENDENT AUDITOR'S REPORT CONTINUED

### RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

### OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

We were appointed by the Board on 20 July 2018 to audit the financial statements for the year ended 30 September 2018 and subsequent financial periods.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

### USE OF OUR REPORT

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

### Roger Weston (Senior Statutory Auditor)

for and on behalf of Saffery Champness LLP

Chartered Accountants

Statutory Auditors

71 Queen Victoria Street

London

EC4V 4BE

26 November 2018

## CONSOLIDATED INCOME STATEMENT

for the year ended 30 September 2018

	Notes	2018 £'000	2017 £'000
<b>Revenue</b>	3	<b>650</b>	552
Cost of sales		(30)	(57)
<b>Gross profit</b>		<b>620</b>	495
Administrative expenses		(536)	(511)
Other operating income		<b>671</b>	577
<b>Operating profit before gains on investment properties and other properties</b>	4	<b>755</b>	561
(Deficit)/surplus on revaluation of investment properties	11	(25)	905
<b>Operating profit</b>		<b>730</b>	1,466
Financial income	5	<b>48</b>	54
Share of results of joint venture	13	<b>336</b>	1,839
<b>Profit before taxation</b>	3-7	<b>1,114</b>	3,359
Taxation	8	(101)	(141)
<b>Profit for the financial year attributable to equity holders</b>	23	<b>1,013</b>	3,218
 <b>Earnings per share on profit for the financial year – pence</b>			
Basic and diluted	9	<b>80.6</b>	253.7
 <b>Dividends</b>			
Final 2017 paid 11.5p (2016: 10.4p)		<b>145</b>	132
Interim 2018 paid 4.4p (2017: 4.0p)		<b>55</b>	51
		<b>200</b>	183
Final 2018 proposed 12.2p (2017: 11.5p)		<b>153</b>	145

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE

for the year ended 30 September 2018

	Notes	2018 £'000	2017 £'000
<b>Profit for the financial year</b>		<b>1,013</b>	3,218
<b>Items that may be reclassified subsequently to profit or loss</b>			
Net change in fair value of available for sale financial assets	13	(185)	72
Net change in fair value of other properties		(4)	30
<b>Total comprehensive income and expense for the year attributable to the equity holders of the parent company</b>		<b>824</b>	3,320

# CONSOLIDATED BALANCE SHEET

at 30 September 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
<b>Non-current assets</b>					
Freehold investment properties	11		<b>5,927</b>		5,792
Property, plant and equipment	12		<b>298</b>		303
Investment in joint venture	13		<b>15,200</b>		14,864
Other financial assets	13		<b>886</b>		1,071
Deferred tax asset	17		—		5
			<b>22,311</b>		22,035
<b>Current assets</b>					
Inventory and work in progress	14	<b>672</b>		668	
Trade and other receivables	15	<b>142</b>		91	
Financial assets		<b>200</b>		1,370	
Cash and cash equivalents		<b>4,718</b>		3,485	
			<b>5,732</b>		5,614
<b>Total assets</b>			<b>28,043</b>		27,649
<b>Current liabilities</b>					
Trade and other payables	16	<b>(645)</b>		(629)	
			<b>(645)</b>		(629)
<b>Non-current liabilities</b>					
Deferred tax liability	17		<b>(108)</b>		(160)
<b>Total liabilities</b>			<b>(753)</b>		(789)
<b>Net assets</b>			<b>27,290</b>		26,860
<b>Equity</b>					
Called up share capital	19		<b>251</b>		253
Share premium account	20		<b>5,076</b>		5,076
Other reserves	21		<b>2,585</b>		2,772
Investment property revaluation reserve	22		<b>827</b>		997
Retained earnings	23		<b>18,551</b>		17,762
<b>Total equity</b>			<b>27,290</b>		26,860
<b>Net assets per share</b>	10		<b>2,178p</b>		2,126p

These financial statements were approved by the board of directors on 26 November 2018 and were signed on its behalf by:

**J Richard Wollenberg**

Director

Company number: 00022705

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2018

	2018 £'000	2017 £'000
<b>Cash flows from operating activities</b>		
Profit for the year	1,013	3,218
<i>Adjustments for:</i>		
Depreciation	5	5
Financial income	(48)	(54)
Share of profit of joint venture	(336)	(1,839)
Deficit/(surplus) on revaluation of investment properties	25	(905)
Taxation	101	141
<b>Cash flows from operations before changes in working capital</b>	760	566
(Increase)/decrease in trade and other receivables	(51)	1
(Decrease/increase in trade and other payables	(19)	57
<b>Cash generated from operations</b>	690	624
Tax paid	(112)	(107)
<b>Net cash flows from operating activities</b>	578	517
<b>Cash flows from investing activities</b>		
Interest received	47	56
Acquisition of investments, investment property, and plant and equipment	(168)	(164)
Decrease/(increase) in held to maturity deposits	1,170	(323)
<b>Net cash flows from investing activities</b>	1,049	(431)
<b>Cash flows from financing activities</b>		
Purchase of own shares	(194)	(116)
Dividends paid	(200)	(183)
Repayment of loan from Joint Venture	–	1,500
<b>Net cash flows (used in)/from financing activities</b>	(394)	1,201
<b>Net increase in cash and cash equivalents</b>	1,233	1,287
Cash and cash equivalents at beginning of year	3,485	2,198
<b>Cash and cash equivalents at end of year</b>	4,718	3,485

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2018

	Share capital £'000	Share premium account £'000	Other reserves £'000	Investment property revaluation reserve £'000	Retained earnings £'000	<b>Total equity £'000</b>
<b>At 1 October 2016</b>	254	5,076	2,669	3,749	12,091	<b>23,839</b>
Profit for the year	–	–	–	–	3,218	<b>3,218</b>
Other comprehensive income						
revaluation of investments	–	–	72	–	–	<b>72</b>
revaluation of other property	–	–	30	–	–	<b>30</b>
<b>Transactions with equity holders</b>						
Dividends	–	–	–	–	(183)	<b>(183)</b>
Purchase of own shares	(1)	–	1	–	(116)	<b>(116)</b>
<b>Total transactions with equity holders</b>	(1)	–	1	–	(299)	<b>(299)</b>
Realisation of investment reserve	–	–	–	(3,950)	3,950	–
Transfer on revaluation of investment properties – Cardiff	–	–	–	905	(905)	–
Transfer on revaluation of investment properties – Campmoss	–	–	–	293	(293)	–
<b>At 30 September 2017</b>						
<b>and 1 October 2017</b>	253	5,076	2,772	997	17,762	<b>26,860</b>
Profit for the year	–	–	–	–	1,013	<b>1,013</b>
Other comprehensive income						
revaluation of investments	–	–	(185)	–	–	<b>(185)</b>
revaluation of other property	–	–	(4)	–	–	<b>(4)</b>
<b>Transactions with equity holders</b>						
Dividends	–	–	–	–	(200)	<b>(200)</b>
Purchase of own shares	(2)	–	2	–	(194)	<b>(194)</b>
Total transactions with equity holders	(2)	–	2	–	(394)	<b>(394)</b>
Transfer on revaluation of investment properties – Cardiff	–	–	–	(25)	25	–
Transfer on revaluation of investment properties – Campmoss	–	–	–	(145)	145	–
<b>At 30 September 2018</b>	<b>251</b>	<b>5,076</b>	<b>2,585</b>	<b>827</b>	<b>18,551</b>	<b>27,290</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 1 INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated results for the year ended 30 September 2018 and 2017 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 FRS 101 (Reduced Disclosure Framework) and these are presented on pages 46 to 52.

## 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 10.

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, market risk, currency risk and interest rate 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 direct relevant activities of the entity so as to obtain benefit from these 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 2 ACCOUNTING POLICIES (CONTINUED)

### **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. These estimates are discussed in further detail in note 28.

### **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 having regard to past valuations performed by external independent valuers. 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. 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 the income statement.

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, or in the event a notice to complete is required, on the receipt of such notice where the notice period is a period of less than 120 days.

### **Property, plant and equipment and depreciation**

Property is stated at fair value using valuations prepared 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:

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

### **Impairment**

The carrying amounts of the group's assets, 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 2 ACCOUNTING POLICIES (CONTINUED)

### **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.

### **Inventory and work in progress**

Inventory, 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.

### **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 properties held in inventory. Sales of such 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.

### **Other income**

Other income consists of management fees charged to Campmoss group and other items which are not revenue and are recognised in the period to which the income relates.

### **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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

## 2 ACCOUNTING POLICIES (CONTINUED)

### 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.

### 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 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 IAS 7 – Disclosure Initiative
- Amendments to IAS 12 – Recognition of Deferred Tax for Unrealised Losses
- Annual Improvements 2014-2016 cycle

### Standards issued but not yet effective

- IFRS 9 Financial instruments (Effective date 1 January 2018)
- IFRS 15 Revenue from contracts with Customers including amendments to IFRS 15: (Effective date 1 January 2018)
- IFRS 2 (amendments) – Classification and Measurement of Share-based Payment Transactions (Effective date 1 January 2018)
- IFRS 4 (amendments) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Effective date 1 January 2018)
- IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration (Effective date 1 January 2018)
- Amendments to IAS 40 – Transfers of Investment Property (Effective date 1 January 2018)
- IFRS 16 Leases (Effective date 1 January 2019)
- IFRIC 23 – Uncertainty over Income Tax Treatments (Effective date 1 January 2019)
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation (Effective date 1 January 2019)
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures (Effective date 1 January 2019)
- Annual improvements 2015-2017 cycle (Effective date 1 January 2019)
- Amendments to IAS 19 – Plan amendment, Curtailment or Settlement (Effective date 1 January 2019)
- Amendments to References to the Conceptual Framework in IFRS Standards (Effective date 1 January 2020)
- IFRS 17 – Insurance Contracts (Effective date 1 January 2021)

While the board is continuing to assess the effects of these standards and interpretations, none of them when applied, are expected to have a material impact upon the consolidated results of financial position of the group.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 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:

	2018 £'000	2017 £'000
<b>Revenue (wholly in the United Kingdom):</b>		
Property and other investment being gross rents receivable	650	552
	<b>650</b>	<b>552</b>
<b>Profit before taxation:</b>		
Property and other investment	416	3,211
Property development	698	148
	<b>1,114</b>	<b>3,359</b>
<b>Net operating assets:</b>		
Assets		
Property and other investment	26,719	26,885
Property development	4,335	4,175
Eliminations	(3,011)	(3,411)
Total assets	<b>28,043</b>	27,649
Liabilities		
Property and other investment	(3,524)	(3,957)
Property development	(240)	(243)
Eliminations	3,011	3,411
Total liabilities	<b>(753)</b>	<b>(789)</b>
Net operating assets	<b>27,290</b>	26,860

Of the group's share of the profit in its joint venture of £336,000 (2017: £1,839,000), £498,000 (2017: £1,824,000) relates to property development and a loss of £162,000 (2017: profit £15,000) relates to property investment. The interest income of £48,000 (2017: £1,000) relates entirely to property investment. Of the income tax income of £21,000 (2017: expense £303,000), £21,000 (2017: £295,000) relates to property investment and £nil (2017: £8,000) 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.

### 4 OPERATING PROFIT BEFORE GAINS ON INVESTMENT PROPERTIES AND OTHER PROPERTIES

	2018 £'000	2017 £'000
Included are the following expenses/(income):		
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the annual accounts	24	23
Audit of subsidiary undertakings pursuant to legislation	3	3
Tax services	–	–
Other services	–	3
Depreciation of plant and equipment	5	5
Management charges receivable	<b>(530)</b>	<b>(493)</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 5 FINANCIAL INCOME

	2018 £'000	2017 £'000
Bank and other interest receivable	48	54

### 6 EMPLOYEES

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

	Number of employees	
	2018 £'000	2017 £'000
Management	3	3
Administration	3	2
	<b>6</b>	5

The aggregate payroll costs of these persons were as follows:

	2018 £'000	2017 £'000
Wages and salaries	354	330
Social security costs	43	39
Other pension costs	4	9
	<b>401</b>	378

Other pension costs represent amounts paid by the group to a personal pension plan in respect of J R Wollenberg and employer contributions to the workplace pension.

### 7 EMOLUMENTS OF DIRECTORS

The emoluments of the directors were as follows:

	Salary £'000	Bonus £'000	Benefits £'000	Pension £'000	Total 2018 £'000
<b>As executives</b>					
J R Wollenberg	150	7	18	2	177
K L Chandler	55	3	–	1	59
	<b>205</b>	<b>10</b>	<b>18</b>	<b>3</b>	<b>236</b>
<b>As non-executive</b>					
N D Jamieson	12	–	–	–	12
	<b>217</b>	<b>10</b>	<b>18</b>	<b>3</b>	<b>248</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 7 EMOLUMENTS OF DIRECTORS (CONTINUED)

	Salary £'000	Bonus £'000	Benefits £'000	Pension £'000	Total 2017 £'000
<b>As executives</b>					
J R Wollenberg	149	39	16	8	212
K L Chandler	52	2	–	1	55
	201	41	16	9	267
<b>As non-executive</b>					
N D Jamieson	12	–	–	–	12
	213	41	16	9	279

The above table includes bonuses, which are based on the results for the year to 30 September 2018 and are payable in December 2018, see page 18 for details of bonus calculation. Bonuses of £39,094 for J R Wollenberg and £2,000 for K L Chandler in respect of the year to 30 September 2017 were paid in December 2017. J R Wollenberg's salary includes £31,981 of pension contribution entitlement which was elected to be taken as salary.

The information above is in respect of the company. In addition, J Richard Wollenberg is entitled to consultancy fees of £60,000 (2017: £60,000), see note 26. Details of the company's policy on directors' remuneration are contained within the remuneration report on pages 18 to 20. Benefits relates to the provision of health care to J Richard Wollenberg.

The directors are considered to be the only key management personnel of the group.

### 8 TAXATION

	2018 £'000	2017 £'000
<b>Current tax</b>		
UK corporation tax on the result for the year	147	115
Total current tax	147	115
<b>Deferred tax</b>		
Origination and reversal of timing differences	(46)	26
Total deferred tax	(46)	26
<b>Taxation (all recognised in the profit and loss account)</b>		
	101	141

Reconciliation of effective tax rate:

	2018 £'000	2017 £'000
<b>Tax reconciliation</b>		
Profit before taxation	1,114	3,359
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2017: 19.5%)	212	655
<i>Effects of:</i>		
Joint venture	(64)	(359)
Other timing differences	(52)	21
Non-taxable deficit/(surplus) on revaluation	5	(176)
<b>Total tax expense</b>		
	101	141

The current corporation tax rate is 19% (effective from 1 April 2017), this rate will reduce to 17% (effective 1 April 2020).

## 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 £1,013,000 (2017: £3,218,000) and the weighted average number of shares as follows:

	Weighted average number of shares	
	2018	2017
Basic and diluted basis	1,258,139	1,268,420

### 10 NET ASSETS PER SHARE

	2018	2017
	Pence per share	Pence per share
Based on shares in issue at 30 September 2018 of 1,252,772 (2017: 1,263,581)	2,178	2,126

### 11 FREEHOLD INVESTMENT PROPERTIES

Group	2018	2017
	£'000	£'000
At beginning of year	5,792	4,880
Additions	160	7
(Deficit)/surplus on revaluation in year	(25)	905
<b>At end of year</b>	<b>5,927</b>	<b>5,792</b>

Company	2018	2017
	£'000	£'000
At beginning of year	5,785	4,880
Additions	146	–
(Deficit)/surplus on revaluation in year	(25)	905
<b>At end of year</b>	<b>5,906</b>	<b>5,785</b>

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio every year.

The company's freehold commercial investment properties total value: £5,430,000 (2017: £5,450,000) have been valued by Kempton Carr Croft, and its residential property total value: £476,000 (2017: £335,000) by Nevin & Wells as at 30 September 2018.

All valuations of the company's freehold commercial investment properties have been prepared in accordance with the RICS Valuation – Professional Standards (the "Red Book") and the International Valuation Standards on the basis of Market Value.

All of the commercial investment properties have been categorised as a Level 3 fair value in both years, based on the inputs to the valuation technique used. The residential property has been categorised as a Level 2 fair value in both years.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 11 FREEHOLD INVESTMENT PROPERTIES (CONTINUED)

#### *Valuation technique and significant unobservable inputs*

The valuation technique used in measuring the fair value of investment property is a discounted cash flow using the following significant inputs: net rental income and yield.

#### **Fair value using unobservable inputs (Level 3)**

	2018 £'000	2017 £'000
Opening fair value	5,450	4,550
Additions	5	–
Gains and losses recognised in income statement ((deficit)/surplus on revaluation of investment properties)	(25)	900
Closing fair value	5,430	5,450

#### **Quantitative information about fair value measurements using unobservable inputs (Level 3)**

The fair value referred to above of £5,430,000 (2017: £5,450,000) is based on the unobservable inputs of net rental income and yield.

The net rental income ranged between £29,000 (2017: £29,000) and £266,000 (2017: £262,050), and the initial yield ranged between 7.5% and 9.5% (2017: 7.5% and 9%).

A decrease in net rental income or estimated future rent will result in a decrease in the fair value, whereas a decrease in the discount rate (yield) will result in an increase in fair value. There are interrelationships between these rates as they are partially determined by market rate conditions. A +1% change in yield would reduce the portfolio value by £521,000 (2017: £527,000), while a -1% change in yield would increase the portfolio value by £646,000 (2017: 653,000). A +/- 10% change in rent would increase/(decrease) the portfolio by £543,000 (2017: £545,000).

The historical cost of the investment properties was:

Group	£'000
<b>At 30 September 2018</b>	<b>3,906</b>
At 30 September 2017	3,746

Group	£'000
<b>At 30 September 2018</b>	<b>3,885</b>
At 30 September 2017	3,739

The cumulative amount of interest capitalised at 30 September 2018 was £90,000 (2017: £90,000).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 11 FREEHOLD INVESTMENT PROPERTIES (CONTINUED)

#### *Valuation technique and significant observable inputs*

The valuation technique used in measuring the fair value of residential investment property is comparable property prices from the experience of local estate agents.

#### **Fair value using observable inputs (Level 2)**

	2018 £'000	2017 £'000
Opening fair value	335	330
Additions	141	–
Gains and losses recognised in income statement ((deficit)/surplus on revaluation of investment properties)	–	5
Closing fair value	476	335

#### **Quantitative information about fair value measurements using unobservable inputs (Level 2)**

The fair value referred to above of £476,000 (2017: £335,000) is based on the observable inputs of comparable property prices in Egham based on Nevin & Wells experience of the local market and knowledge of 14 Runnymede Road.

The historical cost of the investment properties was:

	£'000
<b>Group and company</b>	
<b>At 30 September 2018</b>	<b>175</b>
At 30 September 2017	34

### 12 PROPERTY, PLANT AND EQUIPMENT

Company and Group	Own use freehold property £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost or valuation</b>				
At 30 September 2016	260	69	23	352
Disposals	–	(44)	–	(44)
Revaluations	30	–	–	30
At 30 September 2017	290	25	23	338
Additions	4	–	–	4
Revaluation	(4)	–	–	(4)
<b>At 30 September 2018</b>	<b>290</b>	<b>25</b>	<b>23</b>	<b>338</b>
<b>Depreciation</b>				
At 30 September 2016	–	67	7	74
Disposals	–	(44)	–	(44)
Charge for year	–	1	4	5
At 30 September 2017	–	24	11	35
Charge for year	–	1	4	5
At 30 September 2018	–	25	15	40
<b>Net book value</b>				
<b>At 30 September 2018</b>	<b>290</b>	<b>–</b>	<b>8</b>	<b>298</b>
At 30 September 2017	290	1	12	303

Own use freehold property was valued by Kempton Carr Croft at market value as at 30 September 2018. The valuation technique used in measuring the fair value of own use freehold property is fair value using unobservable inputs (level 3). The historic cost of the property is £206,000 (2017: £202,000).

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 13 INVESTMENTS

	Shares in joint venture £'000	Unlisted investments £'000	Listed investments £'000	Total £'000
At 30 September 2016	13,025	8	834	13,867
Additions	–	–	157	157
Net change in fair value of available for sale financial assets	–	–	72	72
Share of profit of joint venture	1,839	–	–	1,839
At 30 September 2017	14,864	8	1,063	15,935
Net change in fair value of available for sale financial assets	–	–	(185)	(185)
Share of profit of joint venture	336	–	–	336
<b>At 30 September 2018</b>	<b>15,200</b>	<b>8</b>	<b>878</b>	<b>16,086</b>

#### **Listed investments**

These include minority stakes in The Renewables Infrastructure Group Limited, A2D Funding plc, Places for People and Aquila Services Group 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. Fair value has been assessed using Level 1 observable inputs being quoted share prices.

#### **Joint venture**

The group owns 47.62% (2017: 47.62%) of the total issued ordinary share capital of £1,050,000 of Campmoss Property Company Limited, incorporated in England and Wales. As noted in the director's report J R Wollenberg also owns 2.38% of the Campmoss shares. The Campmoss joint venture is operated by joint control between the board, comprising of J R Wollenberg and E R Goodwin who is a connected party to the remaining 50% of shares in Campmoss. By virtue of the respective shareholdings and the way in which Campmoss entities are controlled, the board determines that it has joint control.

The group's share of the results of Campmoss Property Company Limited and its subsidiary undertakings for the year ended 30 September 2018 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 2018.

The joint ventures consolidated income, expenses, revaluations, tax and profit after tax was:

	2018 £'000	2017 £'000
Revenue	2,886	2,565
Cost of sales	(2,008)	(1,910)
Administrative expenses	(148)	(160)
Other operating income	139	10
Profit on the sale of fixed assets	–	3,399
(Deficit)/surplus on revaluation of investment properties	(305)	616
Interest receivable	101	2
Interest payable	(3)	(25)
Taxation on ordinary activities	45	(636)
Profit after tax	707	3,861
Other comprehensive income	–	–
Total comprehensive income	707	2,861
Group's share of results of joint venture (47.62%)	336	1,839

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 13 INVESTMENTS (CONTINUED)

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

	2018 £'000	2017 £'000
<b>Non-current assets</b>		
Investment properties	9,184	8,273
<b>Current assets</b>		
Inventory and work in progress	296	709
Trade and other receivables	149	133
Cash and cash equivalents	6,480	7,050
<b>Net current assets</b>	6,925	7,892
<b>Total assets</b>	16,109	16,165
<b>Current liabilities</b>		
Corporation tax	–	(489)
Trade and other payables	(570)	(458)
<b>Net current liabilities</b>	(570)	(947)
<b>Non-current liabilities</b>		
Deferred taxation	(339)	(354)
<b>Total liabilities</b>	(909)	(1,301)
<b>Net assets</b>	15,200	14,864

Investment properties are included at fair value based on directors' valuations as at 30 September 2018. Page 10 show the result for the year and financial position of 100% of the joint venture.

### 14 INVENTORY AND WORK IN PROGRESS

This comprises development properties held for sale at The Windsor Business Centre.

### 15 TRADE AND OTHER RECEIVABLES

	2018 £'000	2017 £'000
Trade receivables	84	38
Other receivables	28	25
Prepayments and accrued income	30	28
	<b>142</b>	91

### 16 TRADE AND OTHER PAYABLES

	2018 £'000	2017 £'000
Rents received in advance	130	113
Trade creditors	6	10
Corporation tax	147	112
Other taxes and social security	50	48
Other creditors	241	291
Accruals and deferred income	71	55
	<b>645</b>	629

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 17 DEFERRED TAXATION

	2018 £'000	2017 £'000
At beginning of year	(155)	(129)
Credit/(charge) for the year in the income statement	47	(26)
<b>At end of year</b>	<b>(108)</b>	<b>(155)</b>

Provision has been made for deferred taxation as follows:

	2018 £'000	2017 £'000
Difference between accumulated depreciation and amortisation and capital allowances	(51)	(56)
Other temporary differences	(57)	(99)
<b>Net deferred tax liability</b>	<b>(108)</b>	<b>(155)</b>
Disclosed as:		
Deferred tax asset	–	5
Deferred tax liability	(108)	(160)
<b>Net deferred tax liability</b>	<b>(108)</b>	<b>(155)</b>

The 2017 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.

No deferred tax asset in respect of the net deficits on property revaluations has been recognised in either year due to uncertainty regarding its recoverability.

### 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%.

During the year options over nil shares lapsed (2017: nil). There were no options granted or exercised during the year. As a result, there were no options outstanding at the end of the year.

### 19 SHARE CAPITAL

	2018 £'000	2017 £'000
<b>Authorised</b>		
4,500,000 (2017: 4,500,000) ordinary shares of 20 pence each	900	900
<b>Allotted, called up and fully paid</b>		
At 30 September 2017 1,263,581 (2016: 1,270,709) ordinary shares of 20 pence each	253	254
Cancelled during the year 10,809 (2017: 7,128) ordinary shares of 20 pence each	(2)	(1)
At 30 September 2018 – 1,252,772 (2017: 1,263,581) ordinary shares of 20 pence each	251	253

The total number of ordinary shares under option is nil (2017: nil).

#### 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 what the directors consider is the optimal capital structure, the group may adjust its dividend policy, issue new shares or return capital to shareholders.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 20 SHARE PREMIUM ACCOUNT

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

### 21 OTHER RESERVES

	Available for sale reserve £'000	Own use property reserve £'000	Capital redemption reserve £'000	Capital reserve £'000	Merger reserve £'000	Total £'000
At 1 October 2016	212	58	500	30	1,869	2,669
Purchase of own shares	–	–	1	–	–	1
Revaluation of other properties	–	30	–	–	–	30
Net change in fair value	72	–	–	–	–	72
At 30 September 2017 and						
1 October 2017	284	88	501	30	1,869	2,772
Purchase of own shares	–	–	2	–	–	2
Revaluation of other properties	–	(4)	–	–	–	(4)
Net change in fair value	(185)	–	–	–	–	(185)
<b>At 30 September 2018</b>	<b>99</b>	<b>84</b>	<b>503</b>	<b>30</b>	<b>1,869</b>	<b>2,585</b>

The capital redemption reserve arises from the transfer from share capital of the nominal value of shares purchased for cancellation. The capital and merger reserves arise from the acquisition of subsidiaries. None of the other reserves are available for distribution

### 22 INVESTMENT PROPERTY REVALUATION RESERVE

	2018 £'000	2017 £'000
At beginning of year	997	3,749
Transfer from retained earnings on revaluation in the year – Cardiff	(25)	905
Transfer from retained earnings on revaluation in the year – Campmoss	(145)	293
Realisation of investment reserve – Campmoss	–	(3,950)
<b>At end of year</b>	<b>827</b>	<b>997</b>

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

	2018 £'000	2017 £'000
At beginning of year	17,762	12,091
Profit for the financial year	1,013	3,218
Dividends paid	(200)	(183)
Transfer to investment property revaluation reserve on revaluation in the year – Cardiff	25	(905)
Transfer to investment property revaluation reserve on revaluation in the year – Campmoss	145	(293)
Realisation of investment reserve	–	3,950
Own shares purchased in year	(194)	(116)
<b>At end of year</b>	<b>18,551</b>	<b>17,762</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 24 COMMITMENTS

#### Expenditure on development and investment properties

There were nil commitments under contract at 30 September 2018 (2017: nil).

### 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:

	2018 £'000	2017 £'000
Within one year	578	570
Years two to five	1,544	1,807
More than five years	449	448
<b>Total</b>	<b>2,571</b>	<b>2,825</b>

#### Operating leases taken

Neither the group nor the company had any material commitments under non-cancellable operating leases at 30 September 2018 (2017: nil).

### 26 RELATED PARTY TRANSACTIONS

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

Party	Nature of transaction	Value		Balance owed by/(to) related party at 30 September	
		2018 £'000	2017 £'000	2018 £'000	2017 £'000
Campmoss Property Company Limited	Loans repaid to the company	–	1,500	–	–
	Loan interest received by the company	–	13	–	–
	Management fees received by the company	530	493	32	–
	Consultancy fees received by J R Wollenberg (director)	60	60	(45)	(30)
	Director's salary paid	3	3	–	–
D M Joseph					

Campmoss Property Company Limited is a joint venture of the company. The amount due from Campmoss Property Company Limited at 30 September 2018 was £nil (2017: £nil) representing the outstanding balance on the revolving credit drawdown facility of £1,500,000 (2017: £1,500,000) provided to Campmoss Property Company Limited by the company at an interest rate of 3-month LIBOR plus 2.5%. The loans are secured on certain investment properties.

Campmoss Property Company Limited is a company in which J Richard Wollenberg is a director and both he and the company are shareholders.

Derek 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 12 and note 7 on page 34.

All transactions were carried out at arm's length.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 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:

	2018 £'000	2017 £'000
Cash and cash equivalents	4,718	3,485
Financial assets	200	1,370
Trade and other receivables	112	63
Listed investments	878	1,063
	5,908	5,981

At 30 September 2018, the group had £4,918,000 (2017: £4,855,000) deposited with banks and financial institutions of which: £2,317,000 (2017: £685,000) is available for withdrawal in less than 30 days; £1,000,000 (2017: £400,000) is available for withdrawal in 30-60 days; £1,401,000 (2017: £2,400,000) is available for withdrawal in 60-90 days; £nil (2017: £200,000) is available for withdrawal in 90-180 days and £200,000 (2017: £1,170,000) is available for withdrawal in over 180 days. As shown in the table above, the amounts available for withdrawal in over 90 days are classed as financial assets.

All financial assets are sterling denominated.

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

	2018		2017	
	Gross £'000	Provision £'000	Gross £'000	Provision £'000
Not past due	112	–	64	2
Past due 31-90 days	–	–	2	1
Past due more than 90 days	–	–	6	6
	112	–	72	9
The movement in the provision during the year was as follows:				
At beginning of year		9		21
Amounts written back		(9)		(13)
Provided in year		–		1
At end of year		–		9

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 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, by preparing and regularly reviewing cash flow forecasts, that as far as possible, there will always be 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 £574,000 (2017: £574,000) 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.

### 28 ACCOUNTING ESTIMATES AND JUDGEMENTS

The key accounting judgements is in classifying properties as investment properties or inventory. Properties are held as investment properties if they are held for capital appreciation and rental income and properties are held as inventory where they are being actively marketed for sale and the group no longer intend to hold once a suitable sale can be negotiated. However there have been experiences in the past where an offer received for an investment property has been accepted and the property sold and similarly properties have been moved to inventory but a suitable offer has not been received so the property has continued to be held.

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 of judgement in which estimates have been used and the assumptions applied are:

1. valuation of investment properties while supported by third party valuations include estimates. All investment property owned by the group has an independent third party valuation performed annually. The properties owned by the Campmoss group, are valued by the Campmoss directors having due regard to independent third party information and valuations as available; and
2. the deferred taxation provision uses these investment property valuations to calculate the gain or loss and hence deferred taxation liability. This liability is estimated based on the taxation rates expected to be in place in the future which may differ from the actual taxation rates at the time of sale.

# COMPANY BALANCE SHEET

At 30 September 2018

	Notes	2018 £'000	2018 £'000	2017 £'000	2017 £'000
<b>Fixed assets</b>					
Tangible assets:					
Investment properties	11		<b>5,906</b>		5,785
Property, plant and equipment	12		<b>298</b>		303
Deferred tax			–		5
			<b>6,204</b>		6,093
Investments	31		<b>4,162</b>		4,347
			<b>10,366</b>		10,440
<b>Current assets</b>					
Debtors	32		<b>145</b>		86
Financial assets			–		1,370
Cash at bank and in hand			<b>4,367</b>		3,485
			<b>4,512</b>		4,941
<b>Creditors: amounts falling due within one year</b>	33		<b>(3,416)</b>		(3,798)
<b>Net current assets</b>			<b>1,096</b>		1,143
<b>Total assets less current liabilities</b>					11,583
<b>Provisions for liabilities</b>	34		<b>(108)</b>		(160)
<b>Net assets</b>			<b>11,354</b>		11,423
<b>Capital and reserves</b>					
Called up share capital	19		<b>251</b>		253
Share premium account	20		<b>5,076</b>		5,076
Investment property revaluation reserve	35		<b>2,024</b>		2,049
Other reserves	36		<b>2,536</b>		2,723
Retained earnings	37		<b>1,467</b>		1,322
<b>Shareholders' funds - equity</b>	38		<b>11,354</b>		11,423

Profit for the financial year of the company was £514,000 (2017: £1,263,000). In accordance with the provisions of Section 408 of the Companies Act 2006 the company has not published a separate profit and loss account.

These financial statements were approved by the board of directors on 26 November 2018 and were signed on its behalf by:

**J Richard Wollenberg**

Director

Company number: 00022705

# COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2018

	Share capital £'000	Share premium account £'000	Investment property revaluation reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
<b>At 1 October 2016</b>	254	5,076	1,144	2,620	1,263	<b>10,357</b>
Profit for the year	–	–	–	–	1,263	<b>1,263</b>
Other comprehensive income						
– revaluation of investments	–	–	–	72	–	<b>72</b>
– revaluation of other property	–	–	–	30	–	<b>30</b>
<i>Transactions with equity holders</i>						
Dividends	–	–	–	–	(183)	<b>(183)</b>
Purchase of own shares	(1)	–	–	1	(116)	<b>(116)</b>
Total transactions with equity holders	(1)	–	–	1	(299)	<b>(299)</b>
Transfer on revaluation of investment properties	–	–	905	–	(905)	–
<b>At 30 September 2017 and 1 October 2017</b>	<b>253</b>	<b>5,076</b>	<b>2,049</b>	<b>2,723</b>	<b>1,322</b>	<b>11,423</b>
Profit for the year	–	–	–	–	514	<b>514</b>
Other comprehensive income						
– revaluation of investments	–	–	–	(185)	–	<b>(185)</b>
– revaluation of other property	–	–	–	(4)	–	<b>(4)</b>
<i>Transactions with equity holders</i>						
Dividends	–	–	–	–	(200)	<b>(200)</b>
Purchase of own shares	(2)	–	–	2	(194)	<b>(194)</b>
Total transactions with equity holders	(2)	–	–	2	(394)	<b>(394)</b>
Transfer on revaluation of investment properties	–	–	(25)	–	25	–
<b>At 30 September 2018</b>	<b>251</b>	<b>5,076</b>	<b>2,024</b>	<b>2,536</b>	<b>1,467</b>	<b>11,354</b>

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 29 ACCOUNTING POLICIES

The Cardiff Property plc (the "Company") is a company incorporated and domiciled in the UK

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of The Cardiff Property plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 28.

### Measurement convention

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards and with the Companies Act 2006. The financial statements are prepared on the historical cost basis except that investment properties are stated at their fair value.

### Going concern

The company remains profitable and cash generative and has a strong balance sheet. Accordingly, the directors consider it appropriate to continue to prepare the financial statements on a going concern basis.

### Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value.

In applying the fair value model in IAS 40 Investment Property:

- i. investment properties are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- ii. no depreciation is provided in respect of investment properties applying the fair value model.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in the revenue accounting policy in note 2.

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 2018.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 29 ACCOUNTING POLICIES (CONTINUED)

#### Property, plant and equipment

Property, plant and equipment – other comprises 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 2018. Surpluses or deficits arising are recognised in other comprehensive income.

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:

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

#### Investments

Listed investments are stated at fair value. See note 13.

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.

#### 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.

### 30 ADMINISTRATIVE EXPENSES

	2018 £'000	2017 £'000
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the annual accounts	24	23
Tax services	–	–
Other services	–	3
Depreciation of plant and equipment	5	5

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 31 INVESTMENTS

	Shares in group undertakings £'000	Shares in joint venture undertaking £'000	Listed investments £'000	Total £'000
At beginning of year	2,739	545	1,063	4,347
Revaluation of investments	–	–	(185)	(185)
<b>At end of year</b>	<b>2,739</b>	<b>545</b>	<b>878</b>	<b>4,162</b>

#### 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
Campmoss Property Company Limited	47.62%	Ordinary shares of £1 each	Property investment
Campmoss Property Developments Limited	47.62%	Ordinary shares of £1 each	Property development
Campmoss Property (Tangle Pace) Limited	47.62%	Ordinary shares of £1 each	Property investment

All of the above undertakings have been included within the consolidated financial statements. All of the above undertakings registered office is 56 Station Road, Egham, Surrey, TW20 9LF. The dormant companies accounts are unaudited.

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

### 32 DEBTORS

	2018 £'000	2017 £'000
Trade debtors	53	30
Amounts owed by subsidiary undertakings	25	25
Amounts owed by joint venture undertaking	31	–
Other debtors	6	4
Prepayments and accrued income	30	27
	<b>145</b>	86

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 33 CREDITORS

	2018 £'000	2017 £'000
Rents received in advance	105	101
Trade creditors	6	10
Amounts owed to subsidiary undertakings	2,935	3,336
Corporation tax	109	83
Other taxes and social security	42	47
Other creditors	152	175
Accruals and deferred income	67	46
	<b>3,416</b>	3,798

## 34 PROVISIONS FOR LIABILITIES

	2018 £'000	2017 £'000
<b>Deferred taxation</b>		
At beginning of year	(155)	(129)
Credit/(charge) for the year in the profit and loss account	47	(26)
<b>At end of year</b>	<b>(108)</b>	(155)

Provision has been made for deferred taxation as follows:

	2018 £'000	2017 £'000
Difference between accumulated depreciation and amortisation and capital allowances	(51)	(56)
Other timing differences	(57)	(99)
Net deferred tax liability	<b>(108)</b>	(155)
Disclosed as:		
Deferred tax asset	–	5
Deferred tax liability	<b>(108)</b>	(160)
Net deferred tax liability (see above)	<b>(108)</b>	(155)

The 2017 deferred tax asset is not anticipated to be recoverable within the next 12 months.

## 35 INVESTMENT PROPERTY REVALUATION RESERVE

	2018 £'000	2017 £'000
At beginning of year	2,049	1,144
Revaluation in year	(25)	905
<b>At end of year</b>	<b>2,024</b>	2,049

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 36 OTHER RESERVES

	Revaluation reserve £'000	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
At 1 October 2016	251	500	1,869	2,620
Revaluation of property held for own use	30	–	–	30
Revaluation of investments	72	–	–	72
Purchase of own shares	–	1	–	1
At 30 September 2017 and 1 October 2017	353	501	1,869	2,723
Revaluation of property held for own use	(4)	–	–	(4)
Revaluation of investments	(185)	–	–	(185)
Purchase of own shares	–	2	–	2
<b>At 30 September 2018</b>	<b>164</b>	<b>503</b>	<b>1,869</b>	<b>2,536</b>

### 37 RETAINED EARNINGS

	2018 £'000	2017 £'000
At beginning of year	<b>1,322</b>	1,263
Profit/(loss) for the financial year	<b>514</b>	1,263
Revaluation of investment properties – transfer to revaluation reserve	<b>25</b>	(905)
Dividends paid	<b>(200)</b>	(183)
Own shares purchased in year	<b>(194)</b>	(116)
<b>At end of year</b>	<b>1,467</b>	1,322

### 38 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2018 £'000	2017 £'000
Opening shareholders' funds	<b>11,423</b>	10,357
Profit/(loss) for the financial year	<b>514</b>	1,263
Dividends paid	<b>(200)</b>	(183)
Revaluation of investments	<b>(185)</b>	72
Revaluation of other property	<b>(4)</b>	30
Own shares purchased	<b>(194)</b>	(116)
<b>Closing shareholders' funds</b>	<b>11,354</b>	11,423

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the one hundred and twenty ninth Annual General Meeting of The Cardiff Property Public Limited Company will be held at 56 Station Road, Egham, Surrey TW20 9LF on Thursday 17 January 2019 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 2018.
2. To approve the remuneration report for the year ended 30 September 2018 including the remuneration policy.
3. To declare a dividend to be paid on 14 February 2019.
4. To re-elect as a director, Nigel D Jamieson who retires by rotation.
5. To re-appoint Saffery Champness 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 £83,518; 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.

## NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

### 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 £12,527 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.

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 187,791 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:  
56 Station Road  
Egham  
Surrey  
TW20 9LF

By order of the board  
**K Chandler FCA**  
Secretary  
26 November 2018

## NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

### 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](http://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 23 November 2018, the company's issued share capital comprised 1,252,772 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 23 November 2018 is 1,252,772.
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.

# FINANCIAL CALENDAR

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<b>27 November 2018</b>	Results announced for the year ended 30 September 2018
<b>17 January 2019</b>	Annual General Meeting/General Meeting
<b>24 January 2019</b>	Ex-dividend date for the final dividend
<b>25 January 2019</b>	Record date for the final dividend
<b>14 February 2019</b>	Final dividend to be paid
<b>May 2019</b>	Interim results for 2019 to be announced
<b>July 2019</b>	Interim dividend for 2019 to be paid
<b>30 September 2019</b>	Year end

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