

THE CARDIFF PROPERTY PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2019



The group, including Campmoss, specialises in property investment and development in the Thames Valley. The total portfolio including the jointly controlled Camposs investment and development portfolio, valued in excess of £30m, is primarily located to the west of London, close to Heathrow Airport and in Surrey and Berkshire.

OUR MISSION

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

CONTENTS

1	Financial Highlights	27	Consolidated Statement of Comprehensive Income
2	Locations	28	Consolidated Balance Sheet
3	Chairman's Statement	29	Consolidated Cash Flow Statement
5	Strategic Report	30	Consolidated Statement of Changes in Equity
10	Directors and Advisers	31	Notes to the Financial Statements
11	Report of the Directors	50	Company Balance Sheet
13	Corporate Governance	51	Company Statement of Changes in Equity
16	Remuneration Report	52	Notes to the Financial Statements
20	Statement of Directors' Responsibilities	57	Notice of Annual General Meeting
21	Independent Auditor's Report	60	Financial Calendar
27	Consolidated Income Statement		

“The uncertain environment fuelled by political and economic turbulence has stalled activity in the Thames Valley commercial property market.

During the year lettings remained at a low level and as a consequence office and retail rents have marginally declined. However, business units incorporating a high proportion of industrial space have proved far more resilient with minor increases in rent being achieved. Consequently, both developers and investors have been reluctant to commit towards new commercial property schemes and until confidence returns this position is likely to continue.

The commercial property investment market remains active with investors in search of secure income as interest rates remain low.”

J. Richard Wollenberg

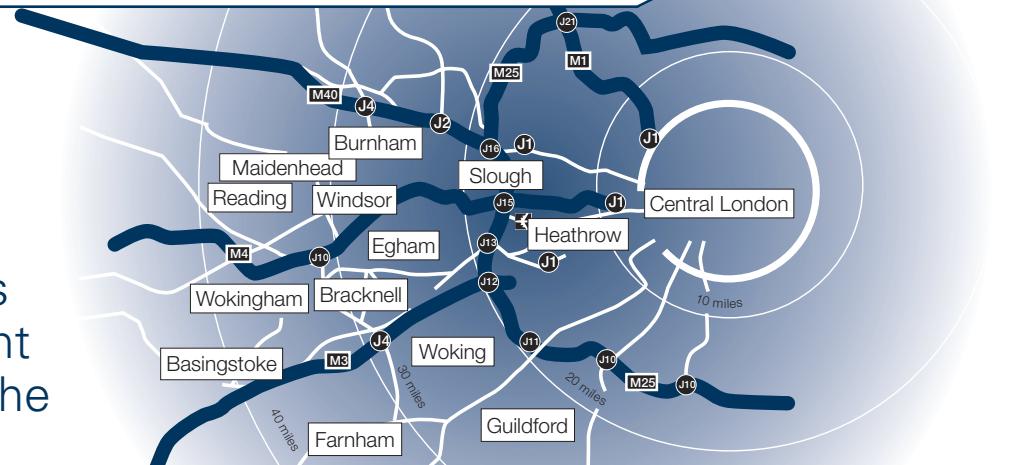
Chairman

FINANCIAL HIGHLIGHTS

		2019	2018
Net Assets	£'000	28,343	27,290
Net Assets Per Share	£	22.85	21.78
Profit Before Tax	£'000	1,653	1,114
Earnings Per Share – Basic and diluted	pence	123.1	80.6
Dividend Per Share	pence	17.1	16.6
Gearing	%	Nil	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 completed during the year achieving 10 retail units on ground and first floor totalling 12,350 sq. ft. (1,148 sq. m) and 12 two-bedroom apartments on the second and third floors.

Gowring House Apartments*

Conversion of 30 one and two-bedroom apartments over the five upper floors with lift access. Works completed, 25 sold, four let and one 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*

Development, adjacent to Gowring House, of eight retail units on ground and first floors totalling 10,500 sq. ft. fully let producing £229,000 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 is available. Producing total gross income of £415,000 pa.

CARDIFF

Cowbridge Road

14,500 sq. ft. let to The Royal Mail as a mail sorting centre at £40,000 pa.

EGHAM

Heritage Court

Four retail units let on medium term leases producing £74,000 pa.

Runnymede Road

Residential property adjacent to The White House. Conversion of loft and rear extension and works completed during the year. The property is available for sale or letting.

Station Road

Company Head Office totalling 1,450 sq. ft.

The White House

Five 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 £203,000 pa.

GUILDFORD

Tangley Place, Worplesdon*

2.5 acres, land in green belt.

MAIDENHEAD

Clivemont House*

Building demolished. Planning permission recently granted for 80 one and two-bedroom apartments.

Highway House*

Building demolished. Planning approval for a new 48,000 sq. ft. gross B1 office scheme. Agents appointed to seek a pre-letting. Land let on short term lease for car parking at a rental of £45,000 pa.

Maidenhead Enterprise Centre

Six business units totalling 14,000 sq. ft. let to local businesses on medium term leases producing £135,000 pa.

SLOUGH

Datchet Meadows*

Development of 37 apartments. All sold on long leases producing ground rents of £21,500 pa.

READING

Tilehurst

Planning application for 14 residential units refused and taken to Appeal. A revised scheme for six residential units submitted.

WINDSOR

Windsor Business Centre

Four business units totalling 9,500 sq. ft. let on short term leases producing rental of £186,000 pa. Tenants include Joyce Meyer Ministries and USB Flash Drive. Planning approval for additional 11,000 sq. ft.

WOKING

Britannia Wharf*

Planning approved for a private residential scheme for 52-apartments.

*Owned by joint venture

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDER,

The uncertain environment fuelled by political and economic turbulence has stalled activity in the Thames Valley commercial property market.

During the year lettings remained at a low level and as a consequence office and retail rents have marginally declined. However, business units incorporating a high proportion of industrial space have proved far more resilient with minor increases in rent being achieved. Consequently, both developers and investors have been reluctant to commit towards new commercial property schemes and until confidence returns this position is likely to continue.

The commercial property investment market remains active with investors in search of secure income as interest rates remain low.

The Thames Valley retail market continues to be under pressure as retailers face increasing competition from internet-based users and the resultant change in shopping habits and delivery of goods and food. It is encouraging to note that certain towns are reporting an increase in footfall following investment in their infrastructure and retail environment. This is particularly relevant to our assets in Maidenhead and Bracknell.

Sales of new homes in the Thames Valley have suffered from a general lack of confidence in the market despite being supported by the ongoing availability of government initiatives, including Help to Buy and low interest rates. The situation may well change for the better once uncertainty is out of the way as the supply imbalance is still evident and consumer demand needs to be satisfied. Enquiries for new residential lettings are reasonably active with rents remaining unchanged.

FINANCIAL

For the year to 30 September 2019, the group's profit before tax was £1.65m (2018: £1.11m). This figure includes a revaluation increase of £0.022m (2018: revaluation decrease of £0.025m) for the group and a profit of £0.90m (2019: £0.34m) in respect of our post tax profit and pre-dividend share of Campmoss Property Company Limited, our 47.62% owned joint venture. During the current year Campmoss Property paid a dividend of which Cardiff's share was £0.5m (2018: £nil).

Revenue for the year which represented gross rental income, excluding Campmoss, totalled £0.65m (2018: £0.65m).

The profit after tax attributable to shareholders for the financial year was £1.54m (2018: £1.01m) and the earnings per share was 123.1p (2018: 80.6p).

At the year-end, the Company's commercial portfolio was valued by Kempton Carr Croft with the residential property at 14 Runnymede Road valued by Nevin & Wells, local estate agents, with total portfolio having a value of £5.96m (2018: £5.93m). This value excludes own use freehold property, which was also valued by Kempton Carr Croft and is included under property, plant and equipment in the balance sheet and held at valuation.

Property when completed and held for re-sale is held as stock at the lower of cost or net realisable value. At the year-end this represented commercial property at The Windsor Business Centre.

The group's total property portfolio, including the jointly controlled Campmoss investment and development portfolio, was valued at £30.0m (2018: £26.8m). The company's share of the net assets of Campmoss was £15.6m (2018: £15.2m). During the year Campmoss was successful in receiving two planning approvals, further details are included in the Campmoss section of the strategic report on pages 5 to 6. The planning approvals have contributed to the uplift in the carrying value of this investment.

The group's net assets as at the year-end were £28.34m (2018: £27.29m) equivalent to £22.85 per share (2018: £21.78) an increase of 4.9% over the year (2018: 2.5%). The group, including Campmoss, has adequate financial facilities and resources to complete works in progress and the proposed development programme. Cash balances are held on short term deposit. At the year-end the company had nil gearing (2018: nil). During the year the company purchased and cancelled 12,567 (2018: 10,809) ordinary shares at a total cost of £220,062 (2018: £194,175).

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 on 16 January 2020. 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. 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

CHAIRMAN'S STATEMENT CONTINUED

Current IFRS accounting recommends that deferred tax is chargeable on the difference between the indexed cost of properties and quoted investments 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, which represents a substantial part of the company's net assets. Whilst provision is made in Campmoss accounts for deferred tax, should the shares held in Campmoss be disposed of, for indicative purposes, based on the value in the company's balance sheet at the year-end this would result in a tax liability of £2.65m (2018: £2.58m) equivalent to £2.14 (2018: £2.06) 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 12.5p per share (2018: 12.2p) making a total dividend for the year of 17.1p (2018: 16.6p). an increase of 3.0%. The final dividend will be paid on 14 February 2020 to shareholders on the register at 24 January 2020.

THE PROPERTY PORTFOLIO

The group continues to concentrate its property activities in the Thames Valley, primarily west of London, close to Heathrow Airport, and in Surrey and Berkshire. A detailed property review is set out in the strategic report on pages 5 to 6.

The group's property portfolio is predominantly let. During the year Cardiff negotiated a number of new leases achieving a small overall rental increase and furthered its development plans for property in Windsor and Cardiff. Campmoss completed the development of commercial and residential units at Alston House, Bracknell and achieved two important planning permissions at Britannia Wharf, Woking and Clivemont House, Maidenhead, details of which are included in the strategic report. The group is well placed to take advantage of any upturn in the property market and to react quickly to opportunities as they arise.

QUOTED INVESTMENTS

The company retains a small portfolio of quoted retail bonds and equity investments the former providing an attractive medium term income stream. The value of the portfolio has marginally decreased over the year but is in excess of original cost. The equity investments include Galileo Resources plc and Aquila Services Group plc, I remain as a non-executive director of both.

RELATIONSHIP AGREEMENT

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

MANAGEMENT AND TEAM

The group's small management team and joint venture partner have been extremely busy over the year and I wish to take this opportunity to thank them for their support and achievements over the year. The intensive day to day management of the group's portfolio remains essential in achieving continued success.

OUTLOOK

The group's assets are located in prime Thames Valley locations which should benefit from a return of confidence in the market. The next few months will hopefully allow current political and economic uncertainties to be unravelled and encourage industry and the property market to move positively forward.

I therefore look forward to reporting to you further at the half year.

J. Richard Wollenberg

Chairman
26 November 2019

STRATEGIC REPORT

REVIEW OF OUR BUSINESS

The group specialises in property investment and development in the Thames Valley. The 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 £30m. 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 business model 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.

PROPERTY PORTFOLIO UNDER MANAGEMENT

The total property portfolio represents investment and development properties. The figures below include 100% of the assets or our joint venture Campmoss:

	2019 £'000	2018 £'000
Cardiff		
Investment properties	5,995	5,927
Own use freehold property	281	290
Development properties (inventory)	674	672
Total	30,040	26,796
Campmoss		
Investment properties	15,534	19,286
Development properties (inventory)	7,556	621
Total	30,040	26,796

THE CARDIFF PROPERTY PORTFOLIO

The Maidenhead Enterprise Centre, Maidenhead, comprises six individual business units totalling 14,000 sq. ft. Each unit includes industrial use on the ground floor with offices above. All units are let on medium term leases with terms agreed for a new letting at an increased rental.

The White House, Egham, includes five ground floor retail units with 5,100 sq. ft. air-conditioned offices on the upper floor. The retail units are all let on medium term leases, two of which have been recently renewed at an increased rental. New medium term leases have also been completed with two of the existing office tenants on the upper floor and following extensive refurbishment part of the office area is available to let.

The Windsor Business Centre, Windsor, comprises four business units totalling 9,500 sq. ft. all of which are let currently on short term leases. Planning permission was previously granted to substantially increase the office area and future development plans are being formulated.

Cowbridge Road, Cardiff, comprises a 14,500 sq. ft. commercial property on two floors and is currently let to Royal Mail for use as a mail and sorting centre. The lease

has expired and terms for a renewal have been agreed. Our planning application to add an upper floor was recently refused and plans for the property are now being revised bearing in mind the adjacent property recently achieved a planning consent for affordable housing.

At Heritage Court, Egham, adjoining the company's offices the building comprises four retail units all of which are let on medium term leases. The upper floor residential apartments were previously sold on a long leasehold basis.

At Tilehurst, Reading, our application for 14 residential units was refused and has been taken to Appeal. A revised scheme for six residential units has been submitted and is currently under discussion with the Local Authority.

The company occupies its own freehold office in Egham and retains a nearby freehold residential property which has been extensively refurbished including a new extension and is currently on the market for sale or letting.

CAMPMOSS PROPERTY COMPANY LIMITED & SUBSIDIARIES

During the year, the Campmoss group, including its wholly owned subsidiaries, Campmoss Property Developments Limited and Campmoss Property (Tangley Place) Limited continued to actively manage its portfolio, completing its development projects and achieving important planning permissions for existing assets in the portfolio. As a result of obtaining vacant possession and demolishing a major property in Woking and the slow-down in office lettings, annual rental income is lower than anticipated.

The portfolio comprises freehold office, retail and residential property in Burnham, Bracknell, Maidenhead and Woking.

Results for the Campmoss group are summarised below:

	2019 £'000	2018 £'000
Revenue	1,107	2,886
Cost of sales	(1,268)	(2,008)
Other income	250	139
Admin expenses	(148)	(148)
Surplus/(deficit) on revaluation of investment properties	1,837	(305)
Net interest	122	98
Profit before tax	1,900	662
Tax	(2)	45
Profit after tax	1,898	707
Total comprehensive income for the year	1,898	707
Dividends	(1,050)	–
Net assets	32,768	31,919

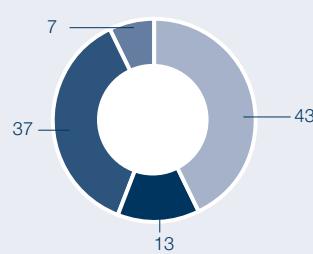
STRATEGIC REPORT CONTINUED

ANALYSIS OF GROUP PROPERTY PORTFOLIO

By Capital Value (%) (including development properties)



By Capital Value (%) (excluding development properties)



By Rental Income (%) (excluding development properties)



CAMPMOSS PORTFOLIO

At Britannia Wharf, Woking, planning was granted for an 83-bedroom Care Home or an alternative private residential scheme for 52 apartments. Following several approaches, Campmoss decided to enter into a joint venture agreement, with a well-known Surrey based developer, to undertake a residential scheme with a view to commencing on site by the end of this calendar year. The development will be funded by Campmoss using existing cash resources.

At Gowring House, Market Street, Bracknell, three ground floor retail units are all let on medium term leases, five residential apartments on the upper floors have been retained with four let on Assured Shorthold Tenancies and one available for sale.

At Westview, Market Street, Bracknell, adjacent to Gowring House the recently completed development of eight retail units on the ground and first floor is now fully let on medium to long-term leases.

Alston House (adjacent to Westview), Market Street, Bracknell, comprises a new development of 10 retail units on ground and first floor and 12 residential units on the second and third floors. Six of the retail units have been let on medium term leases with four remaining units on the first floor available for letting. Agents for the new residential units have been appointed and these are currently being marketed for sale.

At the north eastern end of Market Street, Bracknell, the company retains 12 retail units all of which are let to local businesses on medium term leases.

At Clivemont House, Clivemont Road, Maidenhead, planning permission was recently granted for 80 apartments, principally one and two bedrooms. Approaches have been received from both national and locally based developers and discussions are in progress to ascertain our future plans.

At Highway House, Norreys Drive, Maidenhead, planning permission was previously granted for a 48,000 sq. ft. gross office scheme. Commencement of this development will only proceed when a significant pre-letting is achieved. The original building was demolished some time ago and the cleared site is currently let to an adjacent office user as a car park.

At The Priory, Stompe Road, Burnham, the 26,000 sq. ft. existing office building comprises 17,000 sq. ft. of office premises on three floors and an adjoining Grade II Listed Office Building of 9,000 sq. ft. which is used as a Business Centre. The offices and part of the business centre are currently let on short term leases. Plans for re-development of the property are currently being prepared.

At the year end the portfolio was valued by the Directors of Campmoss taking into account external advice where available and assessed at a current market value of £23.1m (2018: £19.9m). This figure includes completed property held for resale which is valued at the lower of cost or net realisable value.

Total revenue for Campmoss for the year amounted to £1.1m (2018: £2.9m) representing gross rental income of £1.1m (2018: £1.0m). Sales of property held as inventory amounted to £nil (2018: £1.9m). During the year Campmoss paid a dividend of £1.05m (2018: £nil) to its shareholders.

At the year-end Campmoss retained substantial cash balances which are held on short-term deposit and had nil gearing (2018: nil).

STRATEGIC REPORT CONTINUED

	Dividend per share pence	Net assets per share pence	Profit before tax £'000	Earnings per share pence
2019	17.1	22.85	1,653	123.1
2018	16.60	21.78	1,114	80.6
2017	15.50	21.26	3,359	253.7
2016	14.00	18.76	2,673	195.3
2015	13.50	16.84	2,586	191.3

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks currently faced by the group and its joint venture investment relate to:

- average unexpired tenancies;
- changes in planning legislation;
- value of property portfolio;
- development risk;
- changes in interest rates;
- Brexit; and
- government policies and taxation.

The group mitigates these risks by managing its property portfolio taking regard of market rent and the terms of individual leases.

Development risk is mitigated by the use of experienced teams or development partners with robust development agreements.

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 of planning legislation and take action to reduce the risk to the group where possible. External valuations of property held by Cardiff are commissioned

annually. The directors of Campmoss, the joint venture, carry out internal valuations of the Campmoss portfolio.

The directors have regular meetings with funding providers to discuss availability of business finance should it be required.

Cash is deposited in fixed and variable interest rate accounts with such rates monitored to determine the appropriate length of time and level of funds to invest.

KEY PERFORMANCE INDICATORS

The key performance indicators used by the directors for monitoring the performance of the business are shown in the graphs above and the consolidated five-year summary.

The effectiveness of the group's strategy is reflected in its performance over recent years. In the three years to 30 September 2018 net assets per share increased 29.3% from £16.84p per share to £21.78p per share, with a further increase of 4.9% to £22.85 at 30 September 2019. The group benefits from substantial cash deposits and ongoing profitability. The dividend increased from 13.50p per share to 16.60p per share over the period from September 2015 to September 2018 and, for the current year, has been increased by 3.0% to 17.10p per share.

STRATEGIC REPORT CONTINUED

CONSOLIDATED FIVE YEAR SUMMARY

		2019	2018	2017	2016	2015
Income statement items						
Revenue being gross rental income	£'000	647	650	552	580	577
Profit before taxation	£'000	1,653	1,114	3,359	2,673	2,586
Dividends paid and proposed in respect of the year ⁽¹⁾	£'000	212	208	196	178	174
Dividend cover ⁽²⁾	times	7.8	5.4	17.1	15.0	14.9
Dividend per share ⁽³⁾	pence	17.1	16.6	15.5	14.0	13.5
Earnings per share ⁽⁴⁾	pence	123.1	80.6	253.7	195.3	191.3
Balance sheet items						
Total assets	£'000	29,096	28,043	27,649	24,537	22,232
Total liabilities	£'000	(753)	(753)	(789)	(698)	(675)
Net assets	£'000	28,343	27,290	26,860	23,839	21,557
Number of shares in issue at 30 September	'000	1,240	1,253	1,264	1,271	1,280
Net assets per share attributable to shareholders ⁽⁵⁾	£ per cent	22.85 nil	21.78 nil	21.26 nil	18.76 nil	16.84 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 11.

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

Revenue, being gross rents receivable, amounted to £647,000 (2018: £650,000).

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 in accordance with IFRS.

Your board has again obtained independent valuations of the property portfolio (excluding those held by Campmoss which are based on directors' valuations). These external valuations result in an increase in the value of the group's commercial portfolio of £60,000 (2018: £25,000 decrease) and a decrease in the residential portfolio of £38,000 (2018: £nil). Movements on the valuation of investment properties are taken to the Income Statement in accordance with IFRS.

In accordance with IAS 16 the group's owner-occupied office building in Egham, valued at £281,000 on 30 September 2019 (2018: £290,000) is classified as property, plant and equipment rather than as an investment property. Movements on the valuations of the group's head office are taken to reserves.

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.

Net assets were £28.34m (2018: £27.29m) equivalent to £22.85 per share (2018: £21.78), an increase of 4.9% over the year.

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

STRATEGIC REPORT CONTINUED

In addition to the financial KPI's the group also considers the following non-financial KPI's:

- Leases unexpired term; and
- Void units

	2019	2018
Average lease unexpired term (years)	4.2	3.6
Number of void units	2	1

We are satisfied with performance on both financial and non-financial KPI's and will continue to measure against these KPI's in the next financial year.

Similar key performance indicators are used by the directors of Campmoss.

FUTURE DEVELOPMENTS

Future developments on a property by property basis have been discussed in detail under Property portfolio under management.

Factors affecting future development include: planning permissions; rental evidence; and interest rates.

GENDER ANALYSIS

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

	Male	Female
Directors*	2	1
Employees (excluding directors)	–	3

* includes non-executive director

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.

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.

J Richard Wollenberg

Chairman

26 November 2019

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
Fax: 01784 439157
E-mail: webmaster@cardiff-property.com
Web: www.cardiff-property.com

REGISTERED OFFICE

56 Station Road, Egham, Surrey, TW20 9LF

REGISTERED NUMBER

00022705

AUDITOR

Crowe U.K. LLP
Chartered Accountants
St Bride's House, Salisbury Square, London, EC4Y 8EH

STOCKBROKERS AND FINANCIAL ADVISERS

Shore Capital
Cassini House, 57-58 St. James's Street, London, SW1A 1LD

BANKERS

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

SOLICITORS

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

Charsley Harrison
Windsor House, Victoria Street, Windsor, SL4 1EN

REGISTRAR AND TRANSFER OFFICE

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

J RICHARD WOLLENBERG (AGED 71)

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 47)

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 69)

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 69)

Derek is Chair of Aquila Services Group plc, quoted on the main market of the London Stock Exchange and specialising in urban regeneration and affordable housing. The group trades through its two major subsidiaries, Altair Consultancy & Advisory Services Ltd and Aquila Treasury and Financial Solutions Ltd which is a treasury advisory company registered in the United Kingdom with the Financial Conduct Authority. The Aquila Group is currently undertaking assignments in 20 countries around the world and works for governments, city authorities, pan-national organisations, housing NGOs, trade bodies, as well as commercial organisations and banks involved in property investment.

Previously an executive director of Tribal Treasury Services Ltd and managing director of HACAS Group PLC (now part of the Tribal Group), the largest independent quoted housing regeneration consultancy advising housing associations, local authorities and government departments on social housing, care and asset management. Derek's specialism was financial planning, structures, joint ventures and funding particularly for estate regeneration.

REPORT OF THE DIRECTORS

The directors submit their annual report and the audited financial statements for the year ended 30 September 2019.

RESULTS

The results of the group for the year are set out in the audited financial statements on pages 27 to 49.

DIVIDENDS

The directors recommend a final dividend for the year of 12.5p per share (2018: 12.2p) payable on 14 February 2020. The total dividend paid and proposed in respect of the year, including the interim dividend of 4.6p (2018: 4.4p) per share, amounts to 17.1p per share (2018: 16.6p).

PRINCIPAL ACTIVITY

The principal activity of the group during the year continued to be property investment and development. 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 Strategic Report on pages 3 to 9. A description of corporate social responsibility activities is included in the Strategic Report on page 9.

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 25 on page 47.

BUSINESS REVIEW

See Strategic Report on pages 5 to 9.

FINANCIAL INSTRUMENT RISK

The Group's financial assets and liabilities are comprised predominantly of equity instruments in a joint venture, equity instruments in listed entities, term deposits and cash. The equity instruments represent long term positions taken by the group and are held for both capital growth and income. The term and cash deposits which are held in financial institutions with an acceptable risk rating and have access terms which allow the directors to pursue the group's business objectives and service dividend policy. The risk profile and maturity of the Group's financial assets and liabilities is set out in note 27. The Group has not entered into and hedging arrangements.

DIRECTORS

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

In accordance with the company's articles of association, Karen L Chandler 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 30 September 2019	At 1 October 2018
	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 2019 and 26 November 2019.

At 30 September 2019 J Richard Wollenberg held 25,000 (2018: 25,000) ordinary shares of £1 each in Campmoss Property Company Limited, a joint venture, representing 2.38% (2018: 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 2019 (2018: nil).

SUBSTANTIAL SHAREHOLDINGS

Other than J. Richard Wollenberg referred to above who holds 45.26%, the company has not been notified of any holdings of 3% or more in the share capital of the company at 26 November 2019.

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 £12,402, representing 5% of the present issued ordinary share capital of the company.

REPORT OF THE DIRECTORS CONTINUED

PURCHASE OF OWN SHARES

At the Annual General Meeting held on 17 January 2019, authority was renewed empowering your directors to make market purchases of up to 187,791 of the company's own ordinary shares of 20p each. Under that authority, your directors made market purchases of 12,567 shares (nominal value £2,513.40) representing 1.0% of the issued share capital at 17 January 2019. These shares were purchased for an aggregate value of £220,062 (including stamp duty and charges) and cancelled. The number of shares in issue following these transactions was 1,240,205.

The existing authority for the company to purchase its own shares expires at the conclusion of the Annual General Meeting to be held on 16 January 2020. 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 58 authorising the directors to purchase up to 185,907 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 resigned as auditor during the year and Crowe U.K. LLP were appointed in their place, and in accordance with Section 485 of the Companies Act 2006, a resolution proposing that Crowe U.K. LLP 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 capital are given in note 20 respectively. The company has no share options.

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 LR9.2.2AD of the Listing Rules.

J Richard Wollenberg

Chairman
26 November 2019

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 16 to 19, explains how the company has applied the principles set out in The UK Corporate Governance Code 2016 ("the Code") and contains the information required by section 7 of the UK Listing Authority's Disclosure Rules and Transparency Rules. For the next financial year the group intends to adopt the Quoted Company Alliance Corporate Governance Code.

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, one of whom has recent relevant financial experience

The remit of the audit committee is to provide oversight of the Group finance and associated risk management procedures. The audit committee meets the least twice a year to consider the Group's financial affairs and the identified risks which may impact on the Group and to evaluate the adequacy of the safeguards which have been put in place to mitigate those risks. In addition, the audit committee meets periodically with the external auditors. The audit committee has previously concluded that due to the size of the Group an internal audit function is not required. This remains the view of the audit committee, but this decision will continue be reviewed at least annually.

Evaluation of external auditor and consideration of key findings

During the year the audit committee undertook a review of its external auditor and organised a formal tender process. The audit committee approached five firms who they had identified had relevant sector and listed company experience and were of a size of firm that was commensurate with the scale of the Group. After providing the relevant firms with background financial information and an overview of the Group's systems and controls, firms were invited to submit a formal proposal setting out their experience, audit approach and proposed fee. The audit committee evaluated the proposals and produced a short list of three firms who were invited to meet with the audit committee to discuss their proposal. After completing these procedures, the committee considered that Crowe U.K. LLP's proposal had the right balance of experience and value for money and they were appointed as auditors with effect from 1 May 2019.

Normally, the audit committee meets with the auditor at least twice during the year. Due to the tender process, there has only been one formal audit committee meeting with the auditors present. However, the committee is satisfied that there has been effective engagement with the auditors.

At the audit committee meeting the auditors presented their audit findings and took questions from the members on the scope of their work and their findings including those raised on internal procedures and controls. In keeping with best practice, the audit committee also met with the audit engagement partner without the finance director present. The committee were satisfied with the effectiveness of the audit.

The audit committee also considers auditor independence and, in doing so has a policy of not using the auditor for non-audit services. In advance of each audit, the Committee obtains confirmation from the external Auditor that they are independent and of the level of non-audit fees earned by them and their affiliates. No non-audit services were provided during the financial year ended 30 September 2019.

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.

CORPORATE GOVERNANCE CONTINUED

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 as well as 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.

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;
- 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; and
- the average unexpired lease term is close to five years and there is a low void rate.

The five-year strategic review considers the group's cash flows, dividend cover and other key financial ratios over the period. The sensitivity of these metrics to changes in the underlying assumptions is considered by the board who are satisfied with the level of cash head room and rental cover. 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 3, 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 and comfort is taken from the average unexpired tenancies. Based upon the robust assessment of the principal risks facing the group as detailed on page 6 and in note 3, 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 2019

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 J Richard Wollenberg	executive director 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 2018 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 4.9% (2018: 2.5%). 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 workplace 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% (2018: 20%) of salary and bonuses, which for the year to 30 September 2019 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.

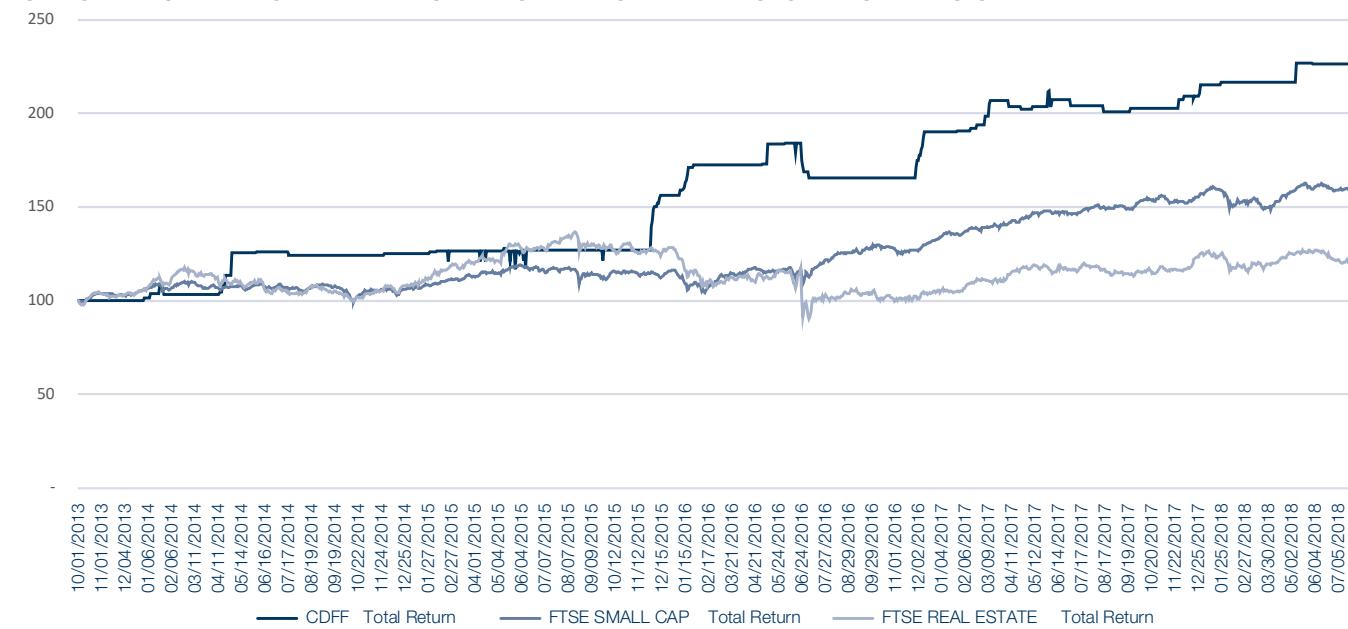
It is intended that these policies will be continued for the next year and subsequent years.

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 Strategic Report on page 7.

REMUNERATION REPORT CONTINUED

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

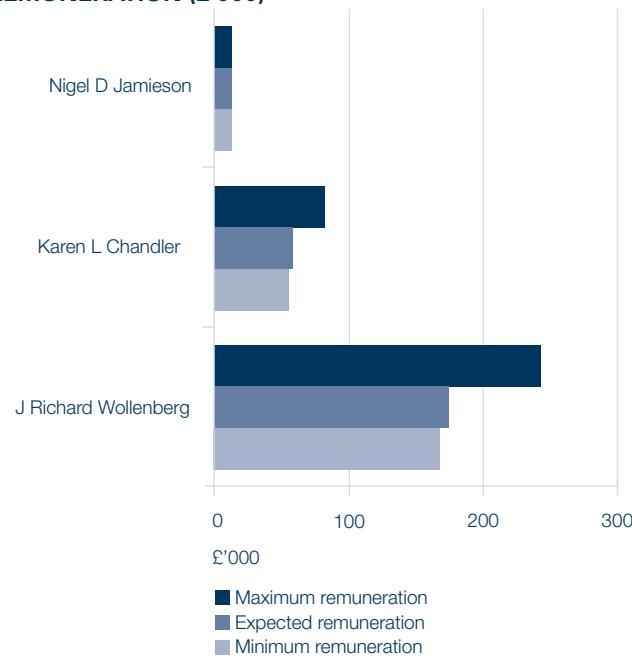


Source: Datastream

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

	2019 £'000	2018 £'000	% change
Total employee costs	372	401	-9.3%
Dividends	210	200	5.0%

MAXIMUM, MINIMUM AND EXPECTED DIRECTOR REMUNERATION (£'000)



REMUNERATION REPORT CONTINUED

DIRECTORS' REMUNERATION (SUBJECT TO AUDIT)

The total remuneration (including pension contributions) paid to the Chief Executive Officer was £182,000 (2018: £177,000) representing a 2.8% increase 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.

The emoluments of the directors were as follows:

	Salary £'000	Bonus £'000	Benefits £'000	Pension £'000	Total 2019 £'000
As executives					
J R Wollenberg	141	17	22	2	182
K L Chandler	57	3	—	2	62
	198	20	22	4	244
As non-executive					
N D Jamieson	12	—	—	—	12
	210	20	22	4	256

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

The above table includes bonuses, which are based on the results for the year to 30 September 2019 and are payable in December 2019, see page 16 for details of bonus calculation. Bonuses of £7,000 for J R Wollenberg and £3,000 for K L Chandler in respect of the year to 30 September 2018 were paid in December 2018. J R Wollenberg's salary includes £23,515 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 in respect of Campmoss Property Company Limited (2018: £60,000), see note 25. 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.

Director's remuneration for the year to 30 September 2020 is expected to remain at similar levels, with the only significant variable being J R Wollenberg's bonus which is calculated with reference to the change in net assets.

REMUNERATION REPORT CONTINUED

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.

For details regarding directors' interests, please see page 11 within the Report of the Directors.

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 17 January 2019, 99.9% of votes cast were for the remuneration report with 0.1% against.

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 2019 and signed on its behalf by:

Nigel D Jamieson BSc, FCSI

Chairman of the Remuneration Committee
26 November 2019

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 2019

INDEPENDENT AUDITOR'S REPORT

OPINION

We have audited the group financial statements of The Cardiff Property Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 September 2019 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, the Company Balance Sheet, the Company Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

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 applicable law and United Kingdom Accounting Standards, including FRS101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2019 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
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the group financial statements, Article 4 of the IAS Regulation.

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 group financial statements section of our report. We are independent of the group and 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 interest 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 disclosures in the annual report set out on page 7 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 7 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 15 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 on page 15 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 on page 15 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.

OVERVIEW OF OUR AUDIT APPROACH

Our application of materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Given the nature of the group's activities we consider that the most appropriate benchmark is gross assets. As a key component of the group's gross assets is property which is held at fair value and which can have a wide spread of values from using reasonable alternative inputs, we have based financial statement materiality on 1% of total assets.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Based on our professional judgement, we determined overall materiality for the group financial statements ("financial statement materiality") as a whole to be £280,000 (2018: £275,000); and the overall materiality for the company is £135,000 (2018: £150,000).

We use a different level of materiality ("performance materiality") to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the financial statement materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. On the basis of our risk assessment of the group's overall control environment, our judgement was that group performance materiality was 75% of our planning materiality, namely £210,000 (2018: £206,000). Parent company performance materiality was set at £100,000 (2018: £112,000). Where considered appropriate, performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We are required to consider whether there are one or more particular classes of transactions or account balance, for which misstatements of lesser amounts than materiality could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. In the group and company financial statements, for transactions and balances that are not property related we have determined specific materiality to be £55,000 (2018: £15,000), based on 5% of profit before tax and fair value movements on properties and investments.

We agreed with the Audit Committee to report to it all identified errors in excess of £14,000 (2018: £13,500). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

The figures quoted for prior year materiality were determined by predecessor auditor.

An overview of the scope of our audit

We audit the parent company and its subsidiary companies. Our audit approach was developed by obtaining an understanding of the group's activities, the key functions undertaken on behalf of the Board by management and the overall control environment. Based on this understanding we assessed those aspects of the group and subsidiary companies transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly.

We gained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, and considered the risk of acts by the group which were contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, the FCA Listing Rules, the DTR Rules, the principles of the UK Corporate Governance Code and IFRS.

We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We focused on laws and regulations that could give rise to a material misstatement in the company financial statements. Our tests included, but were not limited to:

- agreement of the financial statement disclosures to underlying supporting documentation;
- enquiries of management;
- review of minutes of Board meetings throughout the period; and
- considering the effectiveness of control environment in monitoring compliance with laws and regulations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT CONTINUED

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 statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How the scope of our audit addressed the key audit matter
<p>Revenue and other income recognition</p> <p>Revenue for the group consists primarily of rental income. Rental income is based on tenancy agreements where there is a standard process in place for recording revenue. Due to the number of tenancies on different terms, coupled with the practice occasionally offering tenant incentives on the grant of a new lease there is an increased inherent risk of error.</p> <p>The group also earns management fees from the provision of services to its joint venture partner. Due to the adoption of IFRS 15 we wanted to consider if the recognition criteria for these fees had been correctly applied.</p>	<p>Rental income</p> <p>We re-performed the rental reconciliations prepared by the group's finance director and selected a sample of tenancy agreements per property to validate the inputs into that reconciliation.</p> <p>We also performed comparative analytical procedures and corroborated the reason for any large or unusual variances.</p> <p>Where tenancy incentives were offered on the granting of a new lease we considered whether the accounting for that incentive was materially correct.</p> <p>We also had regard to the appropriateness of deferred and accrued rental income recorded on the group's balance sheet and gained an understanding of any journals posted in relation to rental income.</p> <p>Fee income</p> <p>We reviewed the terms of the services being provided by the Group and its evaluation of the impact of IFRS 15. We agreed the fee income earned to the underlying documentation and considered whether the recognition criteria had been met.</p> <p>We have no adverse findings to report from our testing of rental and other income.</p>

INDEPENDENT AUDITOR'S REPORT CONTINUED

Key audit matter

Carrying value in joint venture

The carrying value of joint venture is derived from a portfolio of net assets the key component of which are investment properties which are carried at values estimated by the directors of the joint venture. The valuation of investment properties requires the exercise of significant judgement by the directors as they are not subject to an independent third party valuation.

Due to the level of judgement required there is an inherent risk that the key underlying asset values may be subject to material estimation bias which impacts on the Group's carrying value of its joint venture interest.

How the scope of our audit addressed the key audit matter

We obtained an analysis of the net assets of the joint venture investment and evaluated those components which required the greatest element of judgement when estimating their carrying value. As this was limited to investment properties and development stock we obtained the directors valuation of those assets.

For the investment properties we considered the experience of the directors to prepare such valuations. In addition we:

- Reviewed their valuation report and compared the rents being earned and lease term to those used in the valuation.
- Compared the yields applied to market data accessed during the course of the audit. We considered whether the yield was appropriate having regard to the nature of the property and the underlying leases.
- We considered the adequacy of disclosures around the sensitivity of the carrying value of the investment in joint venture to changes in reasonable alternative assumptions.

For development stock we discussed with the joint venture directors how they have assessed the carrying value and where this was supported by planning applications and development plans we reviewed those documents.

We have no adverse findings to report arising from our planned procedures

Carrying value of investment properties

The valuation of investment property requires significant judgement and estimates by management and the external valuer where applicable.

The valuation of the group's property portfolio is inherently subjective to, among other factors, the individual nature of each property, its location and the expected future rentals, yield data and comparable market transactions.

As a consequence, there is an inherent risk that the carrying value could be subject to material estimation bias.

We reviewed management's assessment of the carrying value of the investment properties which was derived from valuation reports prepared by an external valuer.

We carried out procedures, on a sample basis, to satisfy ourselves of the accuracy of the property information supplied to the valuer by management. We compared the output from the external valuers to the levels of rents actually achieved and where possible, publicly available benchmark data.

We spoke directly with the valuer to confirm the basis on which they had prepared the valuation and how they had arrived at their key inputs, and specifically the property specific yields. We also considered whether the valuer was suitably qualified and independent.

We concluded that the assumptions used in the valuations were supportable in light of available and comparable market evidence. It was evident from our interaction with management and the valuer, and from our review of the valuation reports, that close attention had been paid to each property's individual characteristics, the type of tenancy, as well as considering the overall quality, geographic location and desirability of the asset as a whole.

We considered the adequacy of disclosures around the sensitivity of the carrying value to changes in reasonable alternative assumptions.

We have no adverse findings arising from our planned procedures.

INDEPENDENT AUDITOR'S REPORT CONTINUED

OTHER INFORMATION

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of 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** – the statement given by the directors on page 20 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 on pages 13 to 14** – 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 on page 14** – 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;
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes, given in compliance with rule 7.2.5 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules,

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the 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, or the information about internal control and risk management systems in relation to financial reporting processes given in compliance with rule 7.2.5 and 7.2.6 of the FCA Rules.

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; or
- a corporate governance statement has not been prepared by the parent company.

INDEPENDENT AUDITOR'S REPORT CONTINUED

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 20, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 Audit Committee on 1 May 2019. The period of total uninterrupted engagement is less than a year, covering the year ended 30 September 2019.

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.

Rhodri Whitlock

Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP
 Statutory Auditor
 St Bride's House
 10 Salisbury Square
 London
 EC4Y 8EH

26 November 2019

CONSOLIDATED INCOME STATEMENT

for the year ended 30 September 2019

	Notes	2019 £'000	2018 £'000
Revenue	4	647	650
Cost of sales		(70)	(30)
Gross profit		577	620
Administrative expenses		(488)	(536)
Other operating income	5	577	671
Operating profit before fair value movement on investment properties	6	666	755
Fair value movement on revaluation of investment properties	13	22	(25)
Operating profit		688	730
Financial income	7	61	48
Share of profit of joint venture	15	904	336
Profit before taxation	4–9	1,653	1,114
Taxation	10	(117)	(101)
Profit for the financial year attributable to equity holders		1,536	1,013
 Earnings per share on profit for the financial year – pence			
Basic and diluted	11	123.1	80.6
 Dividends			
Final 2018 paid 12.2p (2017: 11.5p)		153	145
Interim 2019 paid 4.6p (2018: 4.4p)		57	55
		210	200
Final 2019 proposed 12.5p (2018: 12.2p)		155	153

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 2019

	Notes	2019 £'000	2018 £'000
Profit for the financial year		1,536	1,013
Items that cannot be reclassified subsequently to profit or loss			
Net change in fair value of investments at fair value through comprehensive income	15	(43)	(185)
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of other properties	14	(10)	(4)
Total comprehensive income and expense for the year attributable to the equity holders of the parent company		1,483	824

CONSOLIDATED BALANCE SHEET

at 30 September 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Non-current assets					
Freehold investment properties	13		5,995		5,927
Property, plant and equipment	14		284		298
Investment in joint venture	15		15,604		15,200
Other financial assets	15		843		886
			22,726		22,311
Current assets					
Inventory and work in progress	16		674		672
Trade and other receivables	17		139		142
Held to maturity cash deposits			3,084		200
Cash and cash equivalents			2,473		4,718
			6,370		5,732
Total assets			29,096		28,043
Current liabilities					
Trade and other payables	18		(528)		(498)
Corporation tax			(131)		(147)
			(659)		(645)
Non-current liabilities			(94)		(108)
Deferred tax liability	19			(753)	(753)
Total liabilities				28,343	27,290
Net assets					
Equity					
Called up share capital	20		248		251
Share premium account			5,076		5,076
Other reserves	21		2,535		2,585
Investment property revaluation reserve	22		1,814		827
Retained earnings			18,670		18,551
Total equity			28,343		27,290
Net assets per share	12		£22.85		£21.78

These financial statements were approved by the board of directors on 26 November 2019 and were signed on its behalf by:

J Richard Wollenberg

Director

Company number: 00022705

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 September 2019

	2019 £'000	2018 £'000
Cash flows from operating activities		
Profit for the year	1,536	1,013
<i>Adjustments for:</i>		
Depreciation	5	5
Financial income	(61)	(48)
Share of profit of joint venture	(904)	(336)
Fair value movement on revaluation of investment properties	(22)	25
Taxation	117	101
Cash flows from operations before changes in working capital	671	760
Acquisition of inventory and work in progress	(2)	–
Decrease/(increase) in trade and other receivables	4	(51)
Increase/(decrease) in trade and other payables	30	(19)
Cash generated from operations	703	690
Tax paid	(147)	(112)
Net cash flows from operating activities	556	578
Cash flows from investing activities		
Interest received	62	47
Dividend from joint venture	500	–
Acquisition of investments, investment property, and plant and equipment	(49)	(168)
(Increase)/decrease in held to maturity cash deposits	(2,884)	1,170
Net cash flows from investing activities	(2,371)	1,049
Cash flows from financing activities		
Purchase of own shares	(220)	(194)
Dividends paid	(210)	(200)
Net cash flows (used in)/from financing activities	(430)	(394)
Net (decrease)/increase in cash and cash equivalents	(2,245)	1,233
Cash and cash equivalents at beginning of year	4,718	3,485
Cash and cash equivalents at end of year	2,473	4,718

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 September 2019

	Share capital £'000	Share premium account £'000	Other reserves £'000	Investment property revaluation reserve* £'000	Retained earnings £'000	Total equity £'000
At 1 October 2017	253	5,076	2,772	997	17,762	26,860
Profit for the year	–	–	–	–	1,013	1,013
Other comprehensive income –						
revaluation of investments	–	–	(185)	–	–	(185)
net change in fair value of own use freehold property	–	–	(4)	–	–	(4)
<i>Transactions with equity holders</i>						
Dividends	–	–	–	–	(200)	(200)
Purchase of own shares	(2)	–	2	–	(194)	(194)
Total transactions with equity holders	(2)	–	2	–	(394)	(394)
Transfer on revaluation of investment properties – Cardiff	–	–	–	(25)	25	–
Transfer on revaluation of investment properties – Campmoss	–	–	–	(145)	145	–
At 30 September 2018 and						
1 October 2018	251	5,076	2,585	827	18,551	27,290
Profit for the year	–	–	–	–	1,536	1,536
Other comprehensive income –						
revaluation of investments	–	–	(43)	–	–	(43)
net change in fair value of own use freehold property	–	–	(10)	–	–	(10)
<i>Transactions with equity holders</i>						
Dividends	–	–	–	–	(210)	(210)
Purchase of own shares	(3)	–	3	–	(220)	(220)
Total transactions with equity holders	(3)	–	3	–	(430)	(430)
Transfer on revaluation of investment properties – Cardiff	–	–	–	22	(22)	–
Transfer on revaluation of investment properties – Campmoss	–	–	–	965	(965)	–
At 30 September 2019	248	5,076	2,535	1,814	18,670	28,343

* Includes fair value movements on revaluations in Campmoss, our joint venture, which are presented in investment property revaluation reserve to demonstrate these are unrealised.

NOTES TO THE FINANCIAL STATEMENTS

1 INTERNATIONAL FINANCIAL REPORTING STANDARDS

The consolidated results for the year ended 30 September 2019 and 2018 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 50 to 56.

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 fair value through other comprehensive income; 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 Strategic Report on pages 3 to 9. The financial position of the group, its property portfolio under management, asset base, liquidity and key performance indicators are described on pages 5 to 7.

In addition, note 20 includes the group's objectives, policies and processes for managing its capital and note 26, 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 3.

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:

• Land	not depreciated
• 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 recognised at fair value through comprehensive income (FVOCI) 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 other comprehensive income is transferred from other reserves to retained earnings.

Held to maturity cash deposits where the call date is greater than 90 days from the date of deposit are shown separately on the balance sheet and are included in investing activities in the cash flow.

Trade and other receivables

Trade and other receivables are valued using the expected credit loss model.

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.

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.

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 equity.

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 group has adopted IFRS 9 – Financial Instruments and IFRS 15 - Revenue from contracts with customers for the year ended 30 September 2019. These standards were applied using the modified retrospective approach.

IFRS 9 did not result in any measurement changes and did not result in the recognition of any additional credit losses. The group elected to present in other comprehensive income subsequent changes in the fair value of certain equity investments.

IFRS 15 combines several previous standards and sets out a five step model for the recognition of revenue and establishing principles for reporting useful information to users of financial statements about the nature, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 does not apply to rental income or ground rent, which is in the scope of IFRS 16 – Leases, but does apply to service charge income, management fees and trading property disposals. The changes introduced by IFRS 15 have not had a quantitative impact on the consolidated financial statements of the group.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. None are expected to have a material impact on the consolidated financial statements of the group.

IFRS 16 Leases (Effective date 1 January 2019) is effective for the next financial year. IFRS 16 removes the distinction between operating and financial leases, which for lessees will result in almost all operating leases being brought on balance sheet. The accounting for lessors, which is applicable to the group, will however not significantly change and the impact of the consolidated results will be immaterial.

As a lessor the main impact will be additional qualitative disclosures about the groups leasing arrangements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The key accounting judgements are:

1. fair value of the investment properties;
2. classifying properties as investment properties or inventory;
3. management's assessment that inventories have not been impaired;
4. classification of Campmoss as a joint venture; and
5. carrying value of the joint venture.

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.

Management assess the carry value of inventories with reference to similar property valuations based on location, size and usage and their experience.

Campmoss is jointly controlled by the Campmoss board comprising of J R Wollenberg and E R Goodwin each of whom represents the interest of 50% of the shareholder. Decisions are made jointly, and board approval is needed for all key decisions.

The investment properties in Campmoss form a substantial part of Campmoss' net assets and hence the carrying value of the group's share of joint venture. The properties are not independently valued but are valued by the directors and by their nature valuations are subjective.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4 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:

	2019 £'000	2018 £'000
Revenue (wholly in the United Kingdom):		
Property and other investment being gross rents receivable	647	650
Profit before taxation:		
Property and other investment	1,462	416
Property development	191	698
	1,653	1,114
Net operating assets:		
Assets		
Property and other investment	26,600	26,719
Property development	4,486	4,335
Eliminations	(1,990)	(3,011)
Total assets	29,096	28,043
Liabilities		
Property and other investment	(2,498)	(3,524)
Property development	(245)	(240)
Eliminations	1,990	3,011
Total liabilities	(753)	(753)
Net operating assets	28,343	27,290

Of the group's share of the profit in its joint venture of £904,000 (2018: £336,000), £11,000 (2018: £498,000) relates to property development and a profit of £893,000 (2018: loss £162,000) relates to property investment. The interest income of £58,000 (2018: £48,000) relates entirely to property investment. Of the income tax expense of £1,000 (2018: income £21,000), £1,000 (2018: £21,000) relates to property investment and £nil (2018: £nil) 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.

"Eliminations" relate to inter segment transactions and balances which cannot be specifically allocated but are eliminated on consolidation.

5 OTHER OPERATING INCOME

	2019 £'000	2018 £'000
Management fees receivable	531	530
Other income	—	75
Dilapidations	—	31
Dividends received	46	35
Other operating income	577	671

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6 OPERATING PROFIT BEFORE FAIR VALUE MOVEMENTS ON INVESTMENT PROPERTIES

	2019 £'000	2018 £'000
Included are the following expenses:		
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the annual accounts	24	24
Audit of subsidiary undertakings pursuant to legislation	3	3
Depreciation of plant and equipment	5	5

7 FINANCIAL INCOME

	2019 £'000	2018 £'000
Bank and other interest receivable	61	48

8 EMPLOYEES

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

	Number of employees	
	2019	2018
Management	3	3
Administration	3	3
	6	6

The aggregate payroll costs of these persons were as follows:

	2019 £'000	2018 £'000
Wages and salaries	325	354
Social security costs	38	43
Other pension costs	9	4
	372	401

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 DIRECTORS EMOLUMENTS

The emoluments of the directors were as follows:

	Salary £'000	Bonus £'000	Benefits £'000	Pension £'000	Total 2019 £'000
As executives					
J R Wollenberg	141	17	22	2	182
K L Chandler	57	3	—	2	62
	198	20	22	4	244
As non-executive					
N D Jamieson	12	—	—	—	12
	210	20	22	4	256

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

The above table includes bonuses, which are based on the results for the year to 30 September 2019 and are payable in December 2019, see page 16 for details of bonus calculation. Bonuses of £7,000 for J R Wollenberg and £3,000 for K L Chandler in respect of the year to 30 September 2018 were paid in December 2018. J R Wollenberg's salary includes £23,515 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 from Campmoss Property Company Limited (2018: £60,000), see note 25.

Details of the company's policy on directors' remuneration are contained within the remuneration report on pages 16 to 19. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10 TAXATION

	2019 £'000	2018 £'000
Current tax		
UK corporation tax on the result for the year	131	147
Deferred tax		
Origination and reversal of timing differences	(14)	(46)
Taxation (all recognised in the profit and loss account)	117	101

Reconciliation of effective tax rate:

	2019 £'000	2018 £'000
Tax reconciliation		
Profit before taxation	1,653	1,114
Profit before taxation multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	314	212
<i>Effects of:</i>		
Joint venture	(172)	(64)
Other timing differences	(21)	(52)
Non-taxable (surplus)/deficit on revaluation	(4)	5
Total tax expense	117	101

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

11 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 £1,536,000 (2018: £1,013,000) and the weighted average number of shares as follows:

	Weighted average number of shares	
	2019	2018
Basic and diluted basis	1,247,277	1,258,139

12 NET ASSETS PER SHARE

	2019 £ per share	2018 £ per share
Based on shares in issue at 30 September 2019 of 1,240,205 (2018: 1,252,772)	22.85	21.78

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 FREEHOLD INVESTMENT PROPERTIES

	2019 £'000	2018 £'000
Group		
At beginning of year	5,927	5,792
Additions	46	160
Fair value movement on revaluation in year	22	(25)
At end of year	5,995	5,927
	2019 £'000	2018 £'000
Company		
At beginning of year	5,906	5,785
Additions	27	146
Fair value movement on revaluation in year	22	(25)
At end of year	5,955	5,906

The fair value of commercial 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: £5,491,000 (2018: £5,430,000) have been valued by Kempton Carr Croft. The fair value of the Group's residential property total value: £465,000 (2018: £476,000) has been valued by Nevin & Wells, estate agents, as at 30 September 2019.

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).

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)

	2019 £'000	2018 £'000
Opening fair value	5,430	5,450
Additions	1	5
Gains and losses recognised in income statement (fair value movement on revaluation of investment properties)	60	(25)
Closing fair value	5,491	5,430

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13 FREEHOLD INVESTMENT PROPERTIES (CONTINUED)

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

The fair value referred to above of £5,491,000 (2018: £5,430,000) is based on the unobservable inputs of net rental income and yield.

The net rental income ranged between £29,000 (2018: £29,000) and £254,000 (2018: £266,000), and the initial yield ranged between 7.5% and 10.0% (2018: 7.5% and 9.5%).

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 £553,000 (2018: £521,000), while a -1% change in yield would increase the portfolio value by £692,000 (2018: 646,000). A +/- 10% change in rent would increase/(decrease) the value of the portfolio by £554,000 (2018: £543,000).

The historical cost of the commercial investment properties was:

	£'000
Group and Company	
At 30 September 2019	3,711
At 30 September 2018	3,710

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)

	2019 £'000	2018 £'000
Opening fair value	476	335
Additions	27	141
Fair value movement recognised in income statement on revaluation of investment properties	(38)	–
Closing fair value	465	476

Quantitative information about fair value measurements using observable inputs (Level 2)

The fair value referred to above of £465,000 (2018: £476,000) 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 residential investment properties was:

	£'000
Group and company	
At 30 September 2019	202
At 30 September 2018	175

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 PROPERTY, PLANT AND EQUIPMENT

Company and Group	Own use freehold property £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost or valuation				
At 30 September 2017	290	25	23	338
Additions	4	—	—	4
Revaluations	(4)	—	—	(4)
At 30 September 2018	290	25	23	338
Additions	1	—	—	1
Disposals	—	—	(7)	(7)
Revaluations	(10)	—	—	(10)
At 30 September 2019	281	25	16	322
Depreciation				
At 30 September 2017	—	24	11	35
Charge for year	—	1	4	5
At 30 September 2018	—	25	15	40
Disposals	—	—	(6)	(6)
Charge for year	—	—	4	4
At 30 September 2019	—	25	13	38
Net book value				
At 30 September 2019	281	—	3	284
At 30 September 2018	290	—	8	298

Own use freehold property was valued by Kempton Carr Croft at market value as at 30 September 2019. 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 £207,000 (2018: £206,000).

15 INVESTMENTS

	Shares in joint venture £'000	Unlisted investments £'000	Listed investments £'000	Total £'000
At 30 September 2017	14,864	8	1,063	15,935
Net change in investments at fair value through other comprehensive income	—	—	(185)	(185)
Share of profit of joint venture	336	—	—	336
At 30 September 2018	15,200	8	878	16,086
Net change in investments at fair value through other comprehensive income	—	—	(43)	(43)
Share of profit of joint venture	904	—	—	904
Dividend paid by joint venture	(500)	—	—	(500)
At 30 September 2019	15,604	8	835	16,447

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 INVESTMENTS (CONTINUED)

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 investments at fair value through other comprehensive income. Fair value has been assessed using Level 1 observable inputs being quoted share prices.

Joint venture

The group owns 47.62% (2018: 47.62%) and J R Wollenberg owns 2.38% (2018: 2.38%) of the total issued ordinary share capital of £1,050,000 of Campmoss Property Company Limited. Campmoss Property Company Limited was incorporated in England and Wales and has its registered office at 56 Station Road, Egham, Surrey, TW20 9LF.

E R Goodwin owns directly 47.61% and is a connected party to 2.39% of the total issued ordinary share capital of £1,050,000 of Campmoss Property Company Limited.

The Campmoss board comprises J R Wollenberg and E R Goodwin who jointly control Campmoss by virtue of the respective shareholdings and Joint Venture Agreement governing the way in which the Campmoss entities are controlled. The board has therefore determined that it has joint control of Campmoss.

The group's share of the results of Campmoss Property Company Limited and its subsidiary undertakings for the year ended 30 September 2019 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 2019.

The joint ventures consolidated results were:

	2019 £'000	2018 £'000
Revenue	1,106	2,886
Cost of sales	(1,267)	(2,008)
Administrative expenses	(148)	(148)
Other operating income	250	139
Fair value movement on revaluation of investment properties	1,837	(305)
Interest receivable	122	101
Interest payable	–	(3)
Taxation on ordinary activities	(2)	45
Profit after tax	1,898	707
Other comprehensive income	–	–
Total comprehensive income	1,898	707
Group's share of results of joint venture (47.62%)	904	336

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15 INVESTMENTS (CONTINUED)

The consolidated net assets of Campmoss Property Company Limited and its subsidiary undertakings was:

	2019 £'000	2018 £'000
Non-current assets		
Investment properties	15,533	19,286
Current assets		
Inventory and work in progress	7,558	622
Trade and other receivables	252	313
Held to maturity cash deposits	8,774	–
Cash and cash equivalents	1,988	13,608
Total current assets	18,572	14,543
Total assets	34,105	33,829
Current liabilities		
Trade and other payables	(628)	(1,197)
Net current liabilities	(628)	(1,197)
Non-current liabilities		
Deferred taxation	(709)	(713)
Total liabilities	(1,337)	(1,910)
Net assets	32,768	31,919
Group's share of results of joint venture (47.62%)	15,604	15,200

Investment properties are included at fair value based on directors' valuations as at 30 September 2019.

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 £1,204,000 (2018: £1,294,000), while a -1% change in yield would increase the portfolio value by £1,491,000 (2018: £1,596,000). A +/-10% change in rent would increase/(decrease) the value of the portfolio by £1,251,000 (2018: £1,373,000).

16 INVENTORY AND WORK IN PROGRESS

	2019 £'000	2018 £'000
Opening costs	672	668
Additions	2	4
	674	672

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17 TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
Trade receivables	64	84
Other receivables	25	28
Prepayments and accrued income	50	30
	139	142

18 TRADE AND OTHER PAYABLES

	2019 £'000	2018 £'000
Rents received in advance	124	130
Trade creditors	14	6
Other taxes and social security	64	50
Other creditors	255	241
Accruals and deferred income	71	71
	528	498

19 DEFERRED TAXATION

	2019 £'000	2018 £'000
At beginning of year	(108)	(155)
Credit for the year in the income statement	14	47
At end of year	(94)	(108)

Provision has been made for deferred taxation as follows:

	2019 £'000	2018 £'000
Difference between accumulated depreciation and amortisation and capital allowances	(51)	(51)
Other temporary differences	(43)	(57)
Deferred tax liability	(94)	(108)

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 SHARE CAPITAL

	2019 £'000	2018 £'000
Authorised		
4,500,000 (2018: 4,500,000) ordinary shares of 20 pence each	900	900
Allotted, called up and fully paid		
At 30 September 2018 1,252,772 (30 September 2017: 1,263,581) ordinary shares of 20 pence each	251	253
Cancelled during the year 12,567 (2018: 10,809) ordinary shares of 20 pence each	(3)	(2)
At 30 September 2019 – 1,240,205 (30 September 2018: 1,252,772) ordinary shares of 20 pence each	248	251

The total number of ordinary shares under option is nil (2018: 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.

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 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)
At 30 September 2018 and 1 October 2018	99	84	503	30	1,869	2,585
Purchase of own shares	–	–	3	–	–	3
Revaluation of other properties	–	(10)	–	–	–	(10)
Net change in fair value	(43)	–	–	–	–	(43)
At 30 September 2019	56	74	506	30	1,869	2,535

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22 INVESTMENT PROPERTY REVALUATION RESERVE

	2019 £'000	2018 £'000
At beginning of year	827	997
Transfer from retained earnings on revaluation in the year - Cardiff	22	(25)
Transfer from retained earnings on revaluation in the year - Campmoss	965	(145)
At end of year	1,814	827

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 COMMITMENTS

Expenditure on development and investment properties

There were nil commitments under contract at 30 September 2019 (2018: nil).

24 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:

	2019 £'000	2018 £'000
Within one year	600	578
Years two to five	1,328	1,544
More than five years	302	449
Total	2,230	2,571

Operating leases taken

Neither the group nor the company had any material commitments under non-cancellable operating leases at 30 September 2019 (2018: nil).

25 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		
			2019 £'000	2018 £'000	2019 £'000
Campmoss Property Company Limited	Management fees received by the company	531	530	8	32
	Consultancy fees received by J R Wollenberg (director)	60	60	(15)	(45)
D M Joseph	Director's salary paid	3	3	-	-

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 11 and note 9 on page 38.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26 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:

	2019 £'000	2018 £'000
Cash and cash equivalents	2,473	4,718
Held to maturity cash deposits	3,084	200
Trade and other receivables	64	112
Listed investments	834	878
	6,455	5,908

At 30 September 2019, the group had £5,557,000 (2018: £4,918,000) deposited with banks and financial institutions of which: £2,473,000 (2018: £2,317,000) is available for withdrawal in less than 30 days; £nil (2018: £1,000,000) is available for withdrawal in 30-60 days; £nil (2018: £1,401,000) is available for withdrawal in 60-90 days; £2,417,000 (2018: £nil) is available for withdrawal in 90-180 days and £667,000 (2018: £200,000) 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:

	2019		2018	
	Gross £'000	Provision £'000	Gross £'000	Provision £'000
Not past due	91	(2)	112	–
Past due 31-90 days	3	(3)	–	–
	94	(5)	112	–
The movement in the provision during the year was as follows:				
At beginning of year	–	–	–	9
Amounts written back	–	–	–	(9)
Provided in year	5	–	–	–
At end of year	5	–	–	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26 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 £457,000 (2018: £427,000) and are all repayable within one year and are non-interest bearing.

Banking facilities

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

Market risk

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

Currency risk

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

Interest rate risk

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

COMPANY BALANCE SHEET

At 30 September 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
Fixed assets					
Tangible assets:					
Investment properties	13	5,955		5,906	
Property, plant and equipment	14	284		298	
		6,239		6,204	
Investments	29	4,119		4,162	
		10,358		10,366	
Current assets					
Debtors	30	121		145	
Held to maturity cash deposits		2,418		–	
Cash at bank and in hand		1,458		4,367	
		3,997		4,512	
Current liabilities					
Trade and other payables	31	(2,307)		(3,307)	
Corporation tax		(97)		(109)	
		1,593		1,096	
Total assets less current liabilities		11,951		11,462	
Deferred tax liability	32	(94)		(108)	
Net assets		11,857		11,354	
Capital and reserves					
Called up share capital	20	248		251	
Share premium account		5,076		5,076	
Investment property revaluation reserve	33	2,046		2,024	
Other reserves	34	2,486		2,536	
Retained earnings		2,001		1,467	
Shareholders' funds – equity		11,857		11,354	

Profit for the financial year of the company was £986,000 (2018: £514,000). 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 2019 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 2019

	Share capital £'000	Share premium account £'000	Investment property revaluation reserve £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000
At 1 October 2017	253	5,076	2,049	2,723	1,322	11,423
Profit for the year	–	–	–	–	514	514
Other comprehensive income –						
revaluation of investments	–	–	–	(185)	–	(185)
revaluation of other property	–	–	–	(4)	–	(4)
Transactions with equity holders						
Dividends	–	–	–	–	(200)	(200)
Purchase of own shares	(2)	–	–	2	(194)	(194)
Total transactions with equity holders	(2)	–	–	2	(394)	(394)
Transfer on revaluation of investment properties	–	–	(25)	–	25	–
At 30 September 2018 and 1 October 2018	251	5,076	2,024	2,536	1,467	11,354
Profit for the year	–	–	–	–	986	986
Other comprehensive income –						
revaluation of investments	–	–	–	(43)	–	(43)
revaluation of other property	–	–	–	(10)	–	(10)
Transactions with equity holders						
Dividends	–	–	–	–	(210)	(210)
Purchase of own shares	(3)	–	–	3	(220)	(220)
Total transactions with equity holders	(3)	–	–	3	(430)	(430)
Transfer on revaluation of investment properties	–	–	22	–	(22)	–
At 30 September 2019	248	5,076	2,046	2,486	2,001	11,857

NOTES TO THE FINANCIAL STATEMENTS

27 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 3.

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 and certain financial instruments 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 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 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 2019. 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 15.

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.

28 ADMINISTRATIVE EXPENSES

	2019 £'000	2018 £'000
Auditor's remuneration:		
Fees payable to the company's auditor for the audit of the annual accounts	24	24
Depreciation of plant and equipment	4	5

Details of employee numbers and costs in respect of the company, which are the same as the group are given in note 8.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29 INVESTMENTS

	Shares in group undertakings £'000	Shares in joint venture undertaking £'000	Listed investments £'000	Total £'000
At beginning of year	2,739	545	878	4,162
Revaluation of investments	–	–	(43)	(43)
At end of year	2,739	545	835	4,119

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 15.

30 DEBTORS

	2019 £'000	2018 £'000
Trade debtors	40	53
Amounts owed by subsidiary undertakings	25	25
Amounts owed by joint venture undertaking	8	31
Other debtors	3	6
Prepayments and accrued income	45	30
	121	145

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 CREDITORS

	2019 £'000	2018 £'000
Rents received in advance	97	105
Trade creditors	14	6
Amounts owed to subsidiary undertakings	1,914	2,935
Other taxes and social security	56	42
Other creditors	163	152
Accruals and deferred income	63	67
	2,307	3,307

32 DEFERRED TAX LIABILITY

Deferred taxation	2019 £'000	2018 £'000
At beginning of year	(108)	(155)
Credit/(charge) for the year in the profit and loss account	14	47
At end of year	(94)	(108)

Provision has been made for deferred taxation as follows:

	2019 £'000	2018 £'000
Difference between accumulated depreciation and amortisation and capital allowances	(51)	(51)
Other temporary differences	(43)	(57)
Deferred tax liability	(94)	(108)

33 INVESTMENT PROPERTY REVALUATION RESERVE

	2019 £'000	2018 £'000
At beginning of year	2,024	2,049
Revaluation in year	22	(25)
At end of year	2,046	2,024

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

34 OTHER RESERVES

	Revaluation reserve £'000	Capital redemption reserve £'000	Merger reserve £'000	Total £'000
At 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
At 30 September 2018 and 1 October 2018	164	503	1,869	2,536
Revaluation of property held for own use	(10)	–	–	(10)
Revaluation of investments	(43)	–	–	(43)
Purchase of own shares	–	3	–	3
At 30 September 2019	111	506	1,869	2,486

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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of The Cardiff Property Public Limited Company will be held at 56 Station Road, Egham, Surrey TW20 9LF on Thursday 16 January 2020 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 2019.
2. To approve the remuneration report for the year ended 30 September 2019 including the remuneration policy.
3. To declare a dividend to be paid on 14 February 2020.
4. To re-elect as a director, Karen L Chandler who retires by rotation.
5. To re-appoint Crowe U.K. 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:
shall be limited to unissued shares in the share capital of the company having an aggregate nominal value of £82,680; and
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 £12,402 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 185,907 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 2019

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.
7. As provided by Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the company 48 hours before the time set for the meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
8. As at 16:00 hours on 25 November 2019, the company's issued share capital comprised 1,240,205 ordinary shares of 20 pence each. Each ordinary share carries the right to one vote at a general meeting of the company and, therefore, the total number of voting rights in the company at 16:00 hours on 25 November 2019 is 1,240,205.
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.
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.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

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

27 November 2019

Results announced for the year ended 30 September 2019

16 January 2020

Annual General Meeting/General Meeting

23 January 2020

Ex-dividend date for the final dividend

24 January 2020

Record date for the final dividend

14 February 2020

Final dividend to be paid

May 2020

Interim results for 2020 to be announced

July 2020

Interim dividend for 2020 to be paid

30 September 2020

Year end

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