
BLUSTON SECURITIES LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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BLUSTON SECURITIES LTD

COMPANY INFORMATION

Directors	M D Paisner CBE R Glatter Alternate Director: H M Paisner (appointed 17 August 2016, resigned 7 December 2016)
Company secretary	M D Paisner CBE
Registered number	00650310
Registered office	25 Moorgate London EC2R 6AY
Independent auditor	Nexia Smith & Williamson 25 Moorgate London EC2R 6AY

BLUSTON SECURITIES LTD

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BLUSTON SECURITIES LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Results and dividends

The profit for the year, after taxation, amounted to £5,623,229 (2016: £14,227,012).

During the year the directors declared and paid dividends of £1,200,000 (2016: £1,000,000) in the year.

Principal activity

The principal activity of the Group continues to be property investment and management. The consolidated financial statements present the results of the Company and its wholly owned subsidiary, Bluston Securities (Bordon) Limited.

Business review

Turnover from rental income and service charges has increased by 20% from £2,063,494 to £2,466,273 in the year due to significant rent reviews on several properties in the previous period; £159,670 of the turnover in this year related to backdated rent reviews relating to prior periods. The significant majority of the property portfolio continues to be let and a lack of voids coupled with excellent debtor recoverability continues to be pleasing in the current climate.

The property portfolio was professionally valued by the Newton Perkins Property Consultants as at 31 March 2010 which led to an increase in the carrying value of the properties of £22,810,651. The accounting standards require valuations to be undertaken annually by a person of sufficient knowledge and expertise, and for the valuations to be materially up to date. The directors therefore requested Newton Perkins to value the property portfolio based on the movement in the market value in the year on the information available to them. This has led to an increase of £4,690,688 on the value of the properties, primarily relating to the properties held at the Royal Arcade in London. It should be noted that under FRS 102 the deferred tax on this gain has been recognised in the balance sheet. The impact of the deferred tax is recognised in profit or loss but then transferred to the revaluation reserve.

Overall the directors were satisfied with the performance of the Group during the year.

Directors

The directors who served during the year were:

M D Paisner CBE

R Glatter

Alternate Director: H M Paisner (appointed 17 August 2016, resigned 7 December 2016)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

BLUSTON SECURITIES LTD

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *9th October 2017.* and signed on its behalf.



R Glatter
Director

BLUSTON SECURITIES LTD

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

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

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BLUSTON SECURITIES LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BLUSTON SECURITIES LTD

We have audited the financial statements of Bluston Securities Ltd for the year ended 31 March 2017, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of changes in equity and the related notes 1 to 25. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 2017 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

BLUSTON SECURITIES LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BLUSTON SECURITIES LTD
(CONTINUED)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Nexia Smith & Williamson

Jacqueline Oakes (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Statutory Auditor & Registered Auditor

25 Moorgate

London

EC2R 6AY

Date: *23 October 2017*

BLUSTON SECURITIES LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	4	2,490,922	2,282,255
Cost of sales		(633,224)	(640,586)
Gross profit		1,857,698	1,641,669
Administrative expenses		(376,536)	(235,823)
Other operating income	5	8,050	-
Fair value movements on investment property	16	4,690,688	15,230,003
Fair value movements on fixed asset investments	15	47,696	(13,564)
Operating profit	6	6,227,596	16,622,285
Income from fixed assets investments	9	22,376	22,424
Interest receivable and similar income	10	50,455	50,385
Interest payable and expenses	11	(11,192)	-
Profit before taxation		6,289,235	16,695,094
Tax on profit	12	(666,006)	(2,468,082)
Profit for the financial year		5,623,229	14,227,012
Total comprehensive income for the year attributable to the owners of the parent company		5,623,229	14,227,012

BLUSTON SECURITIES LTD
REGISTERED NUMBER: 00650310

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	14	1,499	1,999
Investments	15	1,734,221	1,645,599
Investment property	16	66,475,001	54,200,001
		<u>68,210,721</u>	<u>55,847,599</u>
Current assets			
Debtors: amounts falling due within one year	17	1,006,096	992,818
Cash at bank and in hand		614,620	6,864,030
		<u>1,620,716</u>	<u>7,856,848</u>
Creditors: amounts falling due within one year	18	(1,948,867)	(608,154)
Net current (liabilities)/assets		<u>(328,151)</u>	<u>7,248,694</u>
Total assets less current liabilities		<u>67,882,570</u>	<u>63,096,293</u>
Provisions for liabilities			
Deferred taxation	20	(7,797,449)	(7,434,401)
		<u>(7,797,449)</u>	<u>(7,434,401)</u>
Net assets		<u><u>60,085,121</u></u>	<u><u>55,661,892</u></u>
Capital and reserves			
Called up share capital	21	401,850	401,850
Revaluation reserve	22	45,729,157	41,401,517
Other reserves	22	12,832,279	12,832,279
Profit and loss account	22	1,121,835	1,026,246
Equity attributable to owners of the parent Company		<u>60,085,121</u>	<u>55,661,892</u>
		<u><u>60,085,121</u></u>	<u><u>55,661,892</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime as set out within Part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

9th October 2017
R Glatter
 Director

[Signature]
M D Paisner
 Director

The notes on pages 12 to 31 form part of these financial statements.

BLUSTON SECURITIES LTD
REGISTERED NUMBER: 00650310

COMPANY BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	14	1,499	1,999
Investments	15	1,734,223	1,645,601
Investment property	16	63,175,001	50,730,001
		<u>64,910,723</u>	<u>52,377,601</u>
Current assets			
Debtors: amounts falling due within one year	17	3,522,355	3,673,812
Cash at bank and in hand		594,615	6,844,025
		<u>4,116,970</u>	<u>10,517,837</u>
Creditors: amounts falling due within one year	18	(1,842,179)	(525,782)
		<u>2,274,791</u>	<u>9,992,055</u>
Net current assets			
		<u>2,274,791</u>	<u>9,992,055</u>
Total assets less current liabilities		<u>67,185,514</u>	<u>62,369,656</u>
Provisions for liabilities			
Deferred taxation	20	(7,797,449)	(7,434,401)
		<u>(7,797,449)</u>	<u>(7,434,401)</u>
Net assets		<u>59,388,065</u>	<u>54,935,255</u>
Capital and reserves			
Called up share capital	21	401,850	401,850
Revaluation reserve	22	46,000,684	41,503,044
Other reserves	22	12,832,279	12,832,279
Profit and loss account carried forward	22	153,252	198,082
		<u>59,388,065</u>	<u>54,935,255</u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The profit after tax of the parent Company for the year was £5,652,810 (2016 - £13,999,226).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime as set out within Part 15 of the Companies Act 2006.

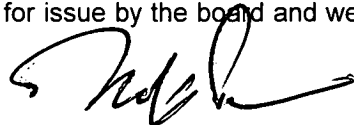
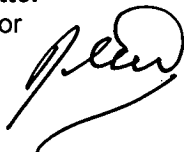
BLUSTON SECURITIES LTD
REGISTERED NUMBER: 00650310

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2017

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

9th October 2017

R Glatter
Director



M D Paisner CBE
Director

BLUSTON SECURITIES LTD

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2015	401,850	28,352,184	12,832,279	848,567	42,434,880
Comprehensive income for the year					
Profit for the year	-	-	-	14,227,012	14,227,012
Total comprehensive income for the year	-	-	-	14,227,012	14,227,012
Dividends: Equity capital	-	-	-	(1,000,000)	(1,000,000)
Transfer to/from profit and loss account	-	13,049,333	-	(13,049,333)	-
At 1 April 2016	401,850	41,401,517	12,832,279	1,026,246	55,661,892
Comprehensive income for the year					
Profit for the year	-	-	-	5,623,229	5,623,229
Total comprehensive income for the year	-	-	-	5,623,229	5,623,229
Dividends: Equity capital	-	-	-	(1,200,000)	(1,200,000)
Transfer to/from profit and loss account	-	4,327,640	-	(4,327,640)	-
At 31 March 2017	401,850	45,729,157	12,832,279	1,121,835	60,085,121

BLUSTON SECURITIES LTD

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2015	401,850	28,503,711	12,832,279	198,189	41,936,029
Comprehensive income for the year					
Profit for the year	-	-	-	13,999,226	13,999,226
Total comprehensive income for the year	-	-	-	13,999,226	13,999,226
Dividends: Equity capital	-	-	-	(1,000,000)	(1,000,000)
Transfer to/from profit and loss account	-	12,999,333	-	(12,999,333)	-
At 1 April 2016	401,850	41,503,044	12,832,279	198,082	54,935,255
Comprehensive income for the year					
Profit for the year	-	-	-	5,652,810	5,652,810
Total comprehensive income for the year	-	-	-	5,652,810	5,652,810
Dividends: Equity capital	-	-	-	(1,200,000)	(1,200,000)
Transfer to/from profit and loss account	-	4,497,640	-	(4,497,640)	-
At 31 March 2017	401,850	46,000,684	12,832,279	153,252	59,388,065

BLUSTON SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. General information

Bluston Securities Limited is a private limited company, limited by shares and incorporated in England and Wales. The address of the registered office is 25 Moorgate, London EC2R 6AY.

The nature of the Company's operations and its principal activities since incorporation has been property investment and management.

2. Accounting policies

2.1 Basis of preparation of financial instruments

The financial statements have been prepared under the historical cost convention as modified by the revaluation of Investment property and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. The financial statements are also presented in pounds sterling.

2.2 Disclosure exemptions

The Parent Company meets the definition of a qualifying entity as set out in FRS 102. Accordingly in preparing the separate financial statements of the Parent Company, the following disclosure exemptions in FRS 102 have been adopted:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the year has been presented, as the reconciliations for the Group and the Parent Company would be identical;
- Disclosures in respect of the Parent Company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosures have been provided for the aggregate remuneration of the key management personnel of the Parent Company as their remuneration is included in the totals for the Group as a whole.

2.3 Cash flow exemption

In preparing the separate financial statements of the Group and Parent Company, the following disclosure exemptions in FRS 102 have been adopted:

- In accordance with 7.1B of FRS 102 as a small entity, the requirements of Section 7 to prepare a statement of cash flows have not been applied.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.4 Basis of consolidation

The Group financial statements consolidate the results, assets and liabilities of Bluston Securities Limited and its subsidiary undertaking up to 31 March 2017 using the purchase method of accounting. The results of businesses acquired are included from the date of acquisition.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual statement of comprehensive income and related notes.

2.5 Revenue

Revenue represents the amounts receivable for rental income, service charges, goods and services, net of VAT.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rental income and service charges are recognised on the basis of the amount receivable for the year. Where there is a material rent free period on the lease incentive, and the amount is considered to be recoverable, the income is spread evenly over the lease term. The lease term represents the non-cancellable period for which the lessee has contract to lease the asset together with any further terms for the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonable certain that the lessee will exercise the option.

Rents received in advance are shown as deferred income in the balance sheet.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Fixtures & fittings	- 25% reducing balance
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.7 Investment property

Investment property is carried at fair value determined annually and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset.

Investments properties are remeasured to fair value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.8 Revaluation of tangible fixed assets

Individual freehold and leasehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the Balance Sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in the Consolidated Statement of Comprehensive Income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the profit or loss for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.11 Financial instruments

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

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price, including transaction costs. Except for those financial assets and liabilities classified as at fair value through profit or loss, where they are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction in which case they are measured at the present value of future payments, discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the criteria set out within section 11 of FRS 102 for basic financial instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the conditions are measured at undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2.12 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.13 Interest income

Interest income is recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.15 Current and deferred taxation

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

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

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.16 Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

Non-financial assets comprise tangible fixed assets.

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

Financial assets comprise trade and other debtors.

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carry value of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all the applicable conditions for classification as basic are met. This includes consideration of the form of the instrument and its return.

Lease incentives

Where there is a material rent free period on the lease incentive, and the amount is considered to be recoverable, the income is spread evenly over the lease term. The lease term represents the non-cancellable period for which the lessee has contract to lease the asset together with any further terms for the lessee has the option to continue to lease the asset, with or without further payment, when at the inception of the lease it is reasonable certain that the lessee will exercise the option. Judgement is therefore required for each specific lease in order to determine whether the non-cancellable period is considered to be up to the end of the lease term, or up to the break date.

Key sources of estimation uncertainty

Investment property

The valuation of the property held is a central component of the business. In estimating the fair value, management periodically engage third party qualified valuers to perform the valuation. At reporting dates where a third party value has not been sought, the Directors will provide their own fair value estimates having regard to their knowledge of up to date relevant market information which will include speaking informally to third parties from within the industry.

The investment properties held are principally valued using the residual value method of valuation. Under this methodology the Directors use the yield methodology valuation technique which uses market rental values capitalised with market capitalisation rates. The resulting valuations cross checked against initial yields and fair market value from recent market transactions. A change in estimated rental values or yield will change the valuation. The interrelationship between all of these inputs is determined by market conditions.

Details of the amounts in respect to investment properties are disclosed in note 16.

BLUSTON SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

4. Turnover

	2017 £	2016 £
Rental income and service charge income	2,466,273	2,063,494
Recovered expenses	24,649	218,761
	<u>2,490,922</u>	<u>2,282,255</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2017 £	2016 £
Other operating income	8,050	-
	<u>8,050</u>	<u>-</u>

6. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	500	666
Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements	21,960	20,350
	<u>21,960</u>	<u>20,350</u>

7. Employee numbers

The average monthly number of employees for the Group and Company, including the directors, during the year was as follows:

	2017 No.	2016 No.
Office	<u>2</u>	<u>2</u>

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

8. Directors' remuneration (Group and Company)

	2017 £	2016 £
Directors' emoluments	200,000	80,000
	200,000	80,000

9. Income from investments

	2017 £	2016 £
Dividend income from fixed asset investments	22,376	22,424
	22,376	22,424

10. Interest receivable

	2017 £	2016 £
Other interest receivable	50,455	50,385
	50,455	50,385

11. Interest payable and similar charges

	2017 £	2016 £
Bank interest payable	11,192	-
	11,192	-

BLUSTON SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

12. Taxation

	2017 £	2016 £
Corporation tax		
Current tax on profits for the year	302,392	289,039
Adjustments in respect of previous periods	566	(1,627)
	<u>302,958</u>	<u>287,412</u>
Deferred tax		
Origination and reversal of timing differences	776,071	2,706,043
Effect of tax rate change on opening balance	(413,023)	(525,373)
	<u>363,048</u>	<u>2,180,670</u>
Taxation on profit on ordinary activities	<u>666,006</u>	<u>2,468,082</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 20% (2016 - 20%) as set out below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>6,289,235</u>	<u>16,695,094</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	1,257,847	3,339,019
Effects of:		
Adjustments to tax charge in respect of prior periods	566	(1,627)
Change in tax rates	(524,484)	(829,280)
Indexation	(50,247)	(29,286)
Other differences leading to an (decrease) in taxation	(2)	(12,044)
Expenses not deductible for tax purposes	284	3,198
Non-taxable income	(17,958)	(1,898)
Total tax charge for the year	<u>666,006</u>	<u>2,468,082</u>

BLUSTON SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

12. Taxation (continued)

Factors that may affect future tax charges

Finance (No.2) Bill 2015 provides that the rate of corporation tax for the 2017 Financial Year (commencing 1 April 2017) will be 19% and that the rate from 1 April 2020 would be 18%. This bill became substantively enacted on 26 October 2015.

13. Dividends

	2017 £	2016 £
Dividends paid on ordinary shares	1,200,000	1,000,000
	<u>1,200,000</u>	<u>1,000,000</u>

14. Tangible fixed assets

Group

	Fixtures & fittings £
Cost or valuation	
At 1 April 2016	35,491
At 31 March 2017	<u>35,491</u>
Depreciation	
At 1 April 2016	33,492
Charge for the year on owned assets	500
At 31 March 2017	<u>33,992</u>
Net book value	
At 31 March 2017	<u>1,499</u>
At 31 March 2016	<u>1,999</u>

BLUSTON SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

14. Tangible fixed assets (continued)

Company

	Fixtures & fittings £
Cost or valuation	
At 1 April 2016	35,491
At 31 March 2017	<u>35,491</u>
Depreciation	
At 1 April 2016	33,492
Charge for the year on owned assets	500
At 31 March 2017	<u>33,992</u>
Net book value	
At 31 March 2017	<u><u>1,499</u></u>
At 31 March 2016	<u><u>1,999</u></u>

BLUSTON SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

15. Fixed asset investments

Group

	Investments £
Valuation	
At 1 April 2016	1,645,599
Additions	1,282,466
Disposals	(1,241,540)
Revaluations	47,696
At 31 March 2017	<u>1,734,221</u>
Net book value	
At 31 March 2017	<u>1,734,221</u>
At 31 March 2016	<u>1,645,599</u>

Listed investments represent investments in non-puttable ordinary shares. The fair value of listed investments was determined with reference to the quoted market price at the reporting date. The cost of the shares on acquisition was £1,671,677 (2016: £1,630,238).

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding	Principal activity
Bluston Securities (Bordon) Limited	25 Moorgate London EC2R 6AY	Ordinary	100 %	Property investment and management

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Investments £	Total £
Cost or valuation			
At 1 April 2016	2	1,645,599	1,645,601
Additions	-	1,282,466	1,282,466
Disposals	-	(1,241,540)	(1,241,540)
Revaluations	-	47,696	47,696
At 31 March 2017	<u>2</u>	<u>1,734,221</u>	<u>1,734,223</u>
Net book value			
At 31 March 2017	<u>2</u>	<u>1,734,221</u>	<u>1,734,223</u>
At 31 March 2016	<u>2</u>	<u>1,645,599</u>	<u>1,645,601</u>

Listed investments represent investments in non-puttable ordinary shares. The fair value of listed investments was determined with reference to the quoted market price at the reporting date. The cost of the shares on acquisition was £1,671,677 (2016: £1,630,238).

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

16. Investment property

Group

	Freehold investment property £	Long term leasehold investment property £	Total £
Valuation			
At 1 April 2016	14,200,001	40,000,000	54,200,001
Additions at cost	-	7,584,312	7,584,312
Surplus on revaluation	275,000	4,415,688	4,690,688
At 31 March 2017	14,475,001	52,000,000	66,475,001

The 2017 valuations were made by the Directors after advice from Newton Perkins, on an open market value for existing use basis on the market growth in capital values since the previous full valuations undertaken. The underlying capital growth and yield assumptions used in the valuation were reviewed by the Directors and were considered to be appropriate.

Company

	Freehold investment property £	Long term leasehold investment property £	Total £
Valuation			
At 1 April 2016	10,730,000	40,000,001	50,730,001
Additions at cost	-	7,584,312	7,584,312
Surplus on revaluation	445,000	4,415,688	4,860,688
At 31 March 2017	11,175,000	52,000,001	63,175,001

The 2017 valuations were made by the Directors after advice from Newton Perkins, on an open market value for existing use basis on the market growth in capital values since the previous full valuations undertaken. The underlying capital growth and yield assumptions used in the valuation were reviewed by the Directors and were considered to be appropriate.

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

17. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	809,983	792,733	731,962	648,546
Amounts owed by Group undertakings	-	-	2,596,215	2,780,657
Other debtors	-	-	-	47,313
Prepayments and accrued income	196,113	200,085	194,178	197,296
	1,006,096	992,818	3,522,355	3,673,812

18. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Bank overdrafts	1,000,000	-	1,000,000	-
Trade creditors	16,800	570	16,800	-
Corporation tax	140,266	5,756	105,164	-
Other taxation and social security	129,568	56,107	119,779	45,157
Other creditors	-	47,861	-	47,861
Accruals and deferred income	662,233	497,860	600,436	432,764
	1,948,867	608,154	1,842,179	525,782

BLUSTON SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

19. Financial instruments

	Group 2017 £	Group 2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	1,529,472	7,842,779
Financial assets measured at undiscounted cost	1,734,221	1,645,599
	<u>3,263,693</u>	<u>9,488,378</u>
Financial liabilities		
Financial liabilities measured at undiscounted cost	(1,679,033)	(481,195)
	<u>(1,679,033)</u>	<u>(481,195)</u>

Financial assets measured at fair value through profit or loss comprise listed investments.

Financial assets measured at undiscounted cost comprise cash, trade debtors and accrued income.

Financial liabilities measured at undiscounted cost comprise trade creditors, other creditors and accruals.

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
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	2017	2016
	£	£
Interest received on financial assets measured at fair value through profit or loss	20,540	49,957
Fair value movements on financial assets measure at fair value through profit or loss	47,696	(13,564)
Interest received on financial assets measured at undiscounted cost	29,915	428
Interest paid on financial liabilities measured at undiscounted cost	(11,192)	-
	86,959	36,821

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and cash flow risk.

Interest rate risk

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate. The group's debt comprises an overdraft which results in limited interest charges. The group has a policy of keeping their debt levels to a minimum to reduce the exposure to interest payments. The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Liquidity and cash flow risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses short term debt finance in the form of an overdraft.

20. Deferred taxation

Group

	2017
	£
At beginning of year	(7,434,401)
Charged to profit or loss	(363,048)
At end of year	(7,797,449)

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

20. Deferred taxation (continued)

Company

	2017 £
At beginning of year	(7,434,401)
Charged to profit or loss	(363,048)
At end of year	(7,797,449)

	Group 2017 £	Company 2017 £
Deferred tax on investment property revaluation	(7,797,449)	(7,797,449)
	<u>(7,797,449)</u>	<u>(7,797,449)</u>

21. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
1,607,400 Ordinary shares of £0.25 each	<u>401,850</u>	<u>401,850</u>

22. Reserves

Revaluation reserve

This reserve relates to the cumulative unrealised gains/(deficits) recognised on the Company's investment properties net of any associated deferred tax movements.

Non-distributable reserve

Under the Company's Memorandum of Association, any surplus arising net of tax from the disposal of its investment properties are not available for distribution, and therefore are transferred to a separate non-distributable reserve. The reserve represents the cumulative surplus in respect of disposals previously made.

Profit & loss account

This reserve relates to the cumulative profits and losses earned by the Company less amounts distributed to shareholders.

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

23. Amounts receivable under operating leases

At 31 March 2017 the Group and the Company had future minimum lease amounts receivable under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Not later than 1 year	2,969,944	2,052,753	2,734,944	1,817,753
Later than 1 year and not later than 5 years	6,386,992	6,756,621	5,536,992	5,816,621
Later than 5 years	8,520,786	9,580,803	7,143,101	8,203,118
	<u>17,877,722</u>	<u>18,390,177</u>	<u>15,415,037</u>	<u>15,837,492</u>

24. Related party transactions

M D Paisner is a partner of Berwin Leighton Paisner. During the year Berwin Leighton Paisner charged the Company £109,292 (2016: £126,705) in relation to property transactions, debt recovery and general legal advice. There was £16,800 (2016: £18,000) outstanding at the year end.

During the year R G Consultancy charged the Company £17,918 (2016: £15,000) in relation to rent, services and expenses.

The total remuneration for key management personnel for the period totalled £226,481 (2016: £89,921).

The Company has used the exemption under FRS 102 Section 33 "Related Party Disclosures" to not disclose the transactions with its wholly owned subsidiary undertaking, Bluston Securities (Bordon) Limited.

25. Controlling party

The ultimate controlling party is the Bluston Charitable Trust by virtue of its majority shareholding in Bluston Securities Limited.