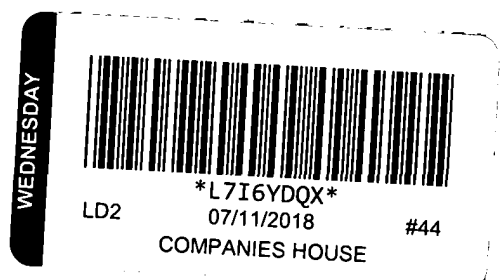


Registered number: 00650310

BLUSTON SECURITIES LTD

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018



BLUSTON SECURITIES LTD

COMPANY INFORMATION

Directors	M D Paisner CBE R Glatter
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 2018

The directors present their report and the Financial Statements for the year ended 31 March 2018.

Results and dividends

The profit for the year, after taxation, amounted to £5,424,405 (2017: £5,623,229).

During the year the directors declared and paid dividends of £1,900,000 (2017: £1,200,000).

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 38% from £2,466,273 to £3,407,464 in the year due to significant rent reviews on several properties negotiated in the current year. As a result, rental income includes some £700,000 of arrears from previous years. 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 2018 which led to an increase in the carrying value of the properties of £4,153,043. 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 increase in the value of the properties is primarily related 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

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.

Auditor

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

BLUSTON SECURITIES LTD

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2018

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 *29th October 2018* and signed on its behalf by:


R Glatter
Director

BLUSTON SECURITIES LTD

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

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

Opinion

We have audited the financial statements of Bluston Securities Ltd (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2018 which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 31 March 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and 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, 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 going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

BLUSTON SECURITIES LTD

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

Opinion on other matters 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 the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out 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, 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 or 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 Company or to cease operations, or have no realistic alternative but to do so.

BLUSTON SECURITIES LTD

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

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.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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: *5 November 2018*

BLUSTON SECURITIES LTD

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2018 £	2017 £
Turnover	4	3,635,189	2,490,922
Cost of sales		(989,759)	(633,224)
Gross profit		2,645,430	1,857,698
Administrative expenses		(284,481)	(376,536)
Other operating income	5	-	8,050
Fair value movements on investment property	16	4,153,043	4,690,688
Fair value movements on fixed asset investments	15	(61,938)	47,696
Operating profit	6	6,452,054	6,227,596
Income from fixed assets investments	9	28,181	22,376
Interest receivable and similar income	10	1,521	50,455
Interest payable and expenses	11	(27,268)	(11,192)
Profit before taxation		6,454,488	6,289,235
Tax on profit	12	(1,030,083)	(666,006)
Profit for the financial year		5,424,405	5,623,229
Total comprehensive income for the year		5,424,405	5,623,229
Profit for the year attributable to:			
Owners of the parent Company		5,424,405	5,623,229
		5,424,405	5,623,229

BLUSTON SECURITIES LTD
REGISTERED NUMBER: 00650310

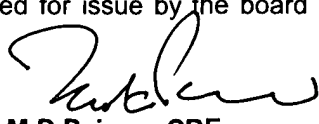
CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	1,124	1,499
Investments	15	1,764,116	1,734,221
Investment property	16	70,700,001	66,475,001
		<u>72,465,241</u>	<u>68,210,721</u>
Current assets			
Debtors: amounts falling due within one year	17	1,481,041	1,006,096
Bank & cash balances		748,610	614,620
		<u>2,229,651</u>	<u>1,620,716</u>
Creditors: amounts falling due within one year	18	(2,691,278)	(1,948,867)
Net current liabilities		<u>(461,627)</u>	<u>(328,151)</u>
Total assets less current liabilities		<u>72,003,614</u>	<u>67,882,570</u>
Provisions for liabilities			
Deferred taxation	20	(8,394,088)	(7,797,449)
		<u>(8,394,088)</u>	<u>(7,797,449)</u>
Net assets		<u>63,609,526</u>	<u>60,085,121</u>
Capital and reserves			
Called up share capital	21	401,850	401,850
Revaluation reserve	22	49,285,561	45,729,157
Other reserves	22	12,832,279	12,832,279
Profit and loss account	22	1,089,836	1,121,835
Equity attributable to owners of the parent Company		<u>63,609,526</u>	<u>60,085,121</u>
		<u>63,609,526</u>	<u>60,085,121</u>

The Company's 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 on 29 October 2018 and were signed on its behalf by:


R Glatter
 Director


M D Paisner CBE
 Director

BLUSTON SECURITIES LTD
REGISTERED NUMBER: 00650310

COMPANY BALANCE SHEET
AS AT 31 MARCH 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	14	1,124	1,499
Investments	15	1,764,118	1,734,223
Investment property	16	67,325,001	63,175,001
		<u>69,090,243</u>	<u>64,910,723</u>
Current assets			
Debtors: amounts falling due within one year	17	3,881,312	3,522,355
Bank & cash balances		728,605	594,615
		<u>4,609,917</u>	<u>4,116,970</u>
Creditors: amounts falling due within one year	18	(2,581,035)	(1,842,179)
Net current assets		<u>2,028,882</u>	<u>2,274,791</u>
Total assets less current liabilities		<u>71,119,125</u>	<u>67,185,514</u>
Provisions for liabilities			
Deferred taxation	20	(8,394,088)	(7,797,449)
		<u>(8,394,088)</u>	<u>(7,797,449)</u>
Net assets		<u>62,725,037</u>	<u>59,388,065</u>
Capital and reserves			
Called up share capital	21	401,850	401,850
Revaluation reserve	22	49,482,088	46,000,684
Other reserves	22	12,832,279	12,832,279
Profit and loss account	22	8,820	153,252
		<u>62,725,037</u>	<u>59,388,065</u>

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2018

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 £5,236,972 (2017: £5,652,810).

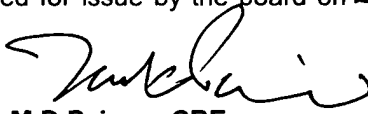
The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime as set out within Part 15 of the Companies Act 2006.

The financial statements were approved and authorised for issue by the board on 29 October 2018 and were signed on its behalf by:

R Glatter
Director



M D Paisner CBE
Director



BLUSTON SECURITIES LTD

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total equity £
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 1 April 2017	401,850	45,729,157	12,832,279	1,121,835	60,085,121
Comprehensive income for the year					
Profit for the year	-	-	-	5,424,405	5,424,405
Total comprehensive income for the year	-	-	-	5,424,405	5,424,405
Dividends: Equity capital	-	-	-	(1,900,000)	(1,900,000)
Transfer to/from profit and loss account	-	3,556,404	-	(3,556,404)	-
At 31 March 2018	401,850	49,285,561	12,832,279	1,089,836	63,609,526

BLUSTON SECURITIES LTD

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Called up share capital £	Revaluation reserve £	Other reserves £	Profit and loss account £	Total equity £
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 1 April 2017	401,850	46,000,684	12,832,279	153,252	59,388,065
Comprehensive income for the year					
Profit for the year	-	-	-	5,236,972	5,236,972
Total comprehensive income for the year	-	-	-	5,236,972	5,236,972
Dividends: Equity capital	-	-	-	(1,900,000)	(1,900,000)
Transfer to/from profit and loss account	-	3,481,404	-	(3,481,404)	-
At 31 March 2018	401,850	49,482,088	12,832,279	8,820	62,725,037

BLUSTON SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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.

BLUSTON SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018 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 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2016 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.7 Interest income

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

2.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)

2.8 Tangible fixed assets (continued)

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
---------------------	------------------------

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.

2.9 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.

2.10 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.

BLUSTON SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.11 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.

2.12 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.

2.13 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.

BLUSTON SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.13 Financial instruments (continued)

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.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.15 Current and deferred taxation (continued)

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.

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.

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Accounting policies (continued)**2.16 Impairment of assets (continued)**

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.

2.17 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 as interest payable.

2.18 Interest Income

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

BLUSTON SECURITIES LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 2018**

4. Turnover

	2018 £	2017 £
Rental income and service charge income	3,407,464	2,466,273
Recovered expenses	227,725	24,649
	<u>3,635,189</u>	<u>2,490,922</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2018 £	2017 £
Other operating income	-	8,050
	<u>-</u>	<u>8,050</u>

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £
Depreciation of fixed assets	375	500
Fees payable to the Group's auditor and its associates for the audit of Company's annual financial statements	24,170	21,960
	<u>24,545</u>	<u>22,460</u>

7. Employee numbers

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

	2018 No.	2017 No.
Office	<u>2</u>	<u>2</u>

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

8. Directors' remuneration (Group and Company)

	2018 £	2017 £
Directors' emoluments	175,000	200,000
	<u>175,000</u>	<u>200,000</u>

9. Income from investments

	2018 £	2017 £
Dividend income from fixed asset investments	28,181	22,376
	<u>28,181</u>	<u>22,376</u>

10. Interest receivable

	2018 £	2017 £
Other interest receivable	1,521	50,455
	<u>1,521</u>	<u>50,455</u>

11. Interest payable and similar expenses

	2018 £	2017 £
Bank interest payable	27,268	11,192
	<u>27,268</u>	<u>11,192</u>

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. Taxation

	2018 £	2017 £
Corporation tax		
Current tax on profits for the year	428,644	302,392
Adjustments in respect of previous periods	4,800	566
	<u>433,444</u>	<u>302,958</u>
Deferred tax		
Origination and reversal of timing differences	596,639	776,071
Effect of tax rate change on opening balance	-	(413,023)
Total deferred tax	<u>596,639</u>	<u>363,048</u>
Taxation on profit on ordinary activities	<u>1,030,083</u>	<u>666,006</u>

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2017 - the same as) the standard rate of corporation tax in the UK of 19% (2017 - 20%) as set out below:

	2018 £	2017 £
Profit on ordinary activities before tax	<u>6,454,488</u>	<u>6,289,235</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	1,226,353	1,257,847
Effects of:		
Adjustments to tax charge in respect of prior periods	4,800	566
Change in tax rates	(81,561)	(524,484)
Indexation allowance	(101,106)	(50,247)
Other differences leading to (decrease) in taxation	(967)	(2)
Expenses not deductible for tax purposes	-	284
Non-taxable income	(3,070)	(17,958)
Movement in deferred tax not recognised	(14,366)	-
Total tax charge for the year	<u>1,030,083</u>	<u>666,006</u>

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

12. Taxation (continued)

Factors that may affect future tax charges

Finance (No.2) Bill 2016 provides that the rate of corporation tax for the 2018 Financial Year (commencing 1 April 2018) will be 19% and that the rate from 1 April 2020 would be 17%.

13. Dividends

	2018 £	2017 £
Dividends paid on ordinary shares	1,900,000	1,200,000
	<u>1,900,000</u>	<u>1,200,000</u>

14. Tangible fixed assets

Group

	Fixtures & fittings £
Cost or valuation	
At 1 April 2017	35,491
At 31 March 2018	<u>35,491</u>
Depreciation	
At 1 April 2017	33,992
Charge for the year on owned assets	375
At 31 March 2018	<u>34,367</u>
Net book value	
At 31 March 2018	<u>1,124</u>
At 31 March 2017	<u>1,499</u>

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

14. Tangible fixed assets (continued)**Company**

	Fixtures & fittings £
Cost or valuation	
At 1 April 2017	35,491
At 31 March 2018	<u>35,491</u>
Depreciation	
At 1 April 2017	33,992
Charge for the year on owned assets	375
At 31 March 2018	<u>34,367</u>
Net book value	
At 31 March 2018	<u>1,124</u>
At 31 March 2017	<u>1,499</u>

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. Fixed asset investments

Group

	Investments £
Valuation	
At 1 April 2017	1,734,221
Additions	842,629
Disposals	(881,500)
Revaluations	(61,938)
Transfer between classes	130,704
At 31 March 2018	<u>1,764,116</u>
Net book value	
At 31 March 2018	<u><u>1,764,116</u></u>
At 31 March 2017	<u><u>1,734,221</u></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 £1,761,375 (2017: £1,671,677).

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

The fair value of the listed investments at 31 March 2018 was £1,764,117 (2017 - £1,734,221).

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

15. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £	Investments £	Total £
Cost or valuation			
At 1 April 2017	2	1,734,221	1,734,223
Additions	-	842,629	842,629
Disposals	-	(881,500)	(881,500)
Revaluations	-	(61,938)	(61,938)
Transfer between classes	-	130,704	130,704
At 31 March 2018	<u>2</u>	<u>1,764,116</u>	<u>1,764,118</u>
Net book value			
At 31 March 2018	<u>2</u>	<u>1,764,116</u>	<u>1,764,118</u>
At 31 March 2017	<u>2</u>	<u>1,734,221</u>	<u>1,734,223</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 £1,761,375 (2017: £1,671,677).

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

16. Investment property

Group

	Freehold investment property £	Long term leasehold investment property £	Total £
Valuation			
At 1 April 2017	14,475,001	52,000,000	66,475,001
Additions at cost	71,957	-	71,957
Surplus on revaluation	1,153,043	3,000,000	4,153,043
At 31 March 2018	15,700,001	55,000,000	70,700,001

Company

	Freehold investment property £	Long term leasehold investment property £	Total £
Valuation			
At 1 April 2017	11,175,000	52,000,001	63,175,001
Additions at cost	71,957	-	71,957
Surplus on revaluation	1,078,043	3,000,000	4,078,043
At 31 March 2018	12,325,000	55,000,001	67,325,001

The 2018 valuations of the Company and the Group were made by the Directors after advice from Newton Perkins, on an open market value for existing use basis on the market growth 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 2018**

17. Debtors

	Group 2018	Group 2017	Company 2018	Company 2017
	£	£	£	£
Trade debtors	1,457,906	809,983	1,447,907	731,962
Amounts owed by group undertakings	-	-	2,411,177	2,596,215
Other debtors	10,469	-	10,466	-
Prepayments and accrued income	12,666	196,113	11,762	194,178
	<u>1,481,041</u>	<u>1,006,096</u>	<u>3,881,312</u>	<u>3,522,355</u>

18. Creditors: Amounts falling due within one year

	Group 2018	Group 2017	Company 2018	Company 2017
	£	£	£	£
Bank overdrafts	1,200,000	1,000,000	1,200,000	1,000,000
Trade creditors	24,136	16,800	24,136	16,800
Corporation tax	205,463	140,266	165,158	105,164
Other taxation and social security	289,552	129,568	278,684	119,779
Other creditors	26,088	-	26,088	-
Accruals and deferred income	946,039	662,233	886,969	600,436
	<u>2,691,278</u>	<u>1,948,867</u>	<u>2,581,035</u>	<u>1,842,179</u>

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

19. Financial instruments

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Financial assets				
Financial assets measured at fair value through profit or loss	1,764,116	1,734,221	1,764,116	1,734,221
Financial assets measured at undiscounted cost	1,481,040	1,006,096	1,459,688	914,852
Cash	748,610	614,620	728,705	594,615
	<u>3,993,766</u>	<u>3,354,937</u>	<u>3,952,509</u>	<u>3,243,688</u>
Financial liabilities				
Financial liabilities measured at undiscounted cost	(2,127,282)	(1,679,033)	1,912,457	1,617,236

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

Financial assets measured at undiscounted cost comprise 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:

	2018 £	2017 £
Interest received on financial assets measured at fair value through profit or loss	22,048	20,540
Fair value movements on financial assets measure at fair value through profit or loss	(61,938)	47,696
Interest received on financial assets measured at undiscounted cost	1,517	29,915
Interest paid on financial liabilities measured at undiscounted cost	(27,269)	(11,192)
	<u>(65,642)</u>	<u>86,959</u>

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

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

	2018 £
At beginning of year	(7,797,449)
Charged to profit or loss	(596,639)
At end of year	(8,394,088)

Company

	2018 £
At beginning of year	(7,797,449)
Charged to profit or loss	(596,639)
At end of year	(8,394,088)

	Group 2018 £	Company 2018 £
Deferred tax on investment property revaluation	(8,394,088)	(8,394,088)
	(8,394,088)	(8,394,088)

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

21. Share capital

	2018 £	2017 £
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.

23. Amounts receivable and payable under operating leases

At 31 March 2018 the Group and the Company had future minimum lease amounts receivable under non-cancellable operating leases as follows:

	Group 2018 £	Group 2017 £	Company 2018 £	Company 2017 £
Not later than 1 year	2,843,278	2,969,944	2,608,278	2,734,944
Later than 1 year and not later than 5 years	7,739,032	6,386,992	6,798,388	5,536,992
Later than 5 years	4,839,091	8,520,786	3,931,023	7,143,101
	<u>15,421,401</u>	<u>17,877,722</u>	<u>13,337,689</u>	<u>15,415,037</u>

At 31 March 2018 the Group and the Company had future minimum lease amounts payable under non-cancellable operating leases as follows:

	Group 2018 £	Company 2018 £
Not later than 1 year	41,800	41,800
	<u>41,800</u>	<u>41,800</u>

BLUSTON SECURITIES LTD

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

23. Amounts receivable and payable under operating leases (continued)

24. Related party transactions

M D Paisner is a partner of Bryan Cave Leighton Paisner who during the year charged the Company £93,562 (2017: £109,292) in relation to property transactions, debt recovery and general legal advice. There was £13,980 (2017: £16,800) outstanding at the year end.

During the year R G Consultancy charged the Company £32,600 (2017: £17,918) in relation to rent, services and expenses.

The total remuneration for key management personnel for the period totalled £198,023 (2017: £226,481).

The Parent Company has taken 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.