

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended 31 December 2016
for
Cavendish & Gloucester Properties
Limited**

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for the Year Ended 31 December 2016**

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**Cavendish & Gloucester Properties
Limited**

**Company Information
for the Year Ended 31 December 2016**

DIRECTORS:

P L Murphy
M Slane

SECRETARY:

P Williams

REGISTERED OFFICE:

1st Floor
Winston House
2 Dollis Park
London
N3 1HF

REGISTERED NUMBER:

01067607 (England and Wales)

AUDITORS:

Elliotts Shah
Statutory Auditor
Chartered Accountants
Ground Floor, Bury House
31 Bury Street
London
EC3A 5AR

**Chairman's Report
for the Year Ended 31 December 2016**

I am pleased to say we have continued the success of our main development in Southampton, which is now all but sold. Notwithstanding this, we are still suffering from the consequences of the high levels of stamp duty and in particular the vicious imposition of the extra 3% stamp duty to anybody who is criminal enough to own a second property.

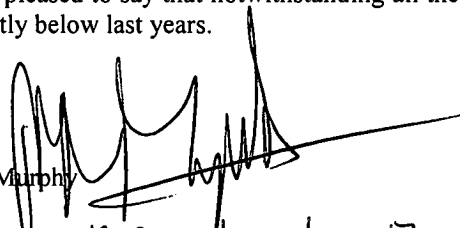
Suffice to say, Mrs May saw through Osborne and dispatched him to the Evening Standard, where I am sure he will make just as bad a job as he has at the Treasury.

We have completed a very successful development at the Mulberries near Winchester and we were able to sell off one or two unsold stock properties.

We are still suffering from very slow sales, where vendors are not able to sell their properties or in fact too greedy to sell them.

We are very grateful to the number of banks we have and particularly have sustained us throughout this period. We hope very much that the government will see sense and get the market going by easing the burden of stamp duty.

I am pleased to say that notwithstanding all the problems, we have still managed to return a pretty healthy profit, albeit slightly below last years.


P L Murphy
Date: 15th September 17

**Group Strategic Report
for the Year Ended 31 December 2016**

The directors present their strategic report of the company and the group for the year ended 31 December 2016.

REVIEW OF BUSINESS

The review of the group's activities during the year and its future prospects are as indicated in the Chairman's statement.

PRINCIPAL RISKS AND UNCERTAINTIES

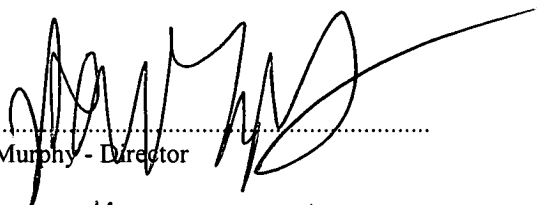
As with many businesses in our sector and of our size, the business environment in which the company operates continues to be challenging and influenced mainly by credit restrictions impacting on financing of our developments and on the ability of buyers to finance purchases of property.

KEY PERFORMANCE INDICATORS

	2016	2015
	£	£
Turnover	22,262,797	20,320,948
Profit before tax	989,517	2,430,934
Profit after tax before minority interest	938,528	1,996,892

The performance of the group during the year has been summarised in the Chairman's statement.

ON BEHALF OF THE BOARD:


.....
P L Murphy - Director

Date: 15th September 17

**Report of the Directors
for the Year Ended 31 December 2016**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES

The principal activities of the group in the year under review continued to be property development, dealing and investment and the provision of management services.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016.

DIRECTORS

The directors during the year under review were:

P L Murphy
M Slane

The beneficial interests of the directors holding office on 31 December 2016 in the issued share capital of the company were as follows:

	31.12.16	1.1.16
Ordinary shares £1 shares		
P L Murphy	1,693,311	1,693,311
M Slane	14,104	14,104

In addition to the interests shown above, P L Murphy also has an indirect interest in the company by virtue of his beneficial interest in MFC Estates plc which is interested in 12.80% (2015: 12.80%) of the company's share capital, and by being a member of the KCG Pension Fund, together with his wife, being the only two members of that scheme, which is interested in a further 9.04% (2015: 9.04%) of the company's share capital.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In common with every other business, the company seeks to minimise financial risk. The measures used by the directors to manage this risk include the preparation of profit forecasts, regular monitoring of actual performance, and ensuring that adequate financial facilities are in place to meet the requirements of the business.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and 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.

**Report of the Directors
for the Year Ended 31 December 2016**

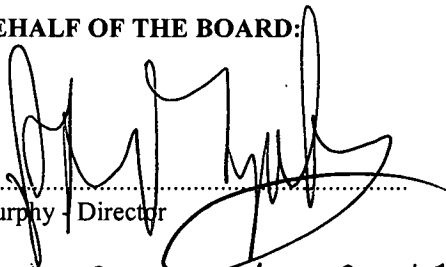
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Elliotts Shah, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



.....
P L Murphy - Director

Date: 15 September 2017

**Report of the Independent Auditors to the Members of
Cavendish & Gloucester Properties
Limited**

We have audited the financial statements of Cavendish & Gloucester Properties Limited for the year ended 31 December 2016 on pages eight to twenty six. The financial reporting framework that has been applied in their preparation is 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'.

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 a Report of the Auditors 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 auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Report the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 December 2016 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 our audit, the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements, and has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the group and the parent company and its environment, we have not identified any material misstatements in the Group Strategic Report or the Report of the Directors.

**Report of the Independent Auditors to the Members of
Cavendish & Gloucester Properties
Limited**

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.

Manoj Haria (Senior Statutory Auditor)
for and on behalf of Elliotts Shah
Statutory Auditor
Chartered Accountants
Ground Floor, Bury House
31 Bury Street
London
EC3A 5AR

Date: 18/09/17.....

**Consolidated Statement of Comprehensive Income
for the Year Ended 31 December 2016**

	Notes	2016 £	2015 £
TURNOVER	3	22,262,797	20,320,948
Cost of sales		<u>18,367,688</u>	<u>15,412,312</u>
GROSS PROFIT		3,895,109	4,908,636
Property and selling costs		675,786	787,563
Administrative expenses		<u>1,688,694</u>	<u>2,324,234</u>
		<u>2,364,480</u>	<u>3,111,797</u>
		1,530,629	1,796,839
Other operating income		<u>561,714</u>	<u>1,786,779</u>
OPERATING PROFIT	5	2,092,343	3,583,618
Profit on sale of investment properties	6	<u>-</u>	<u>289,220</u>
		2,092,343	3,872,838
Interest receivable and similar income		<u>7,549</u>	<u>90,104</u>
		2,099,892	3,962,942
Interest payable and similar expenses	7	<u>1,110,375</u>	<u>1,532,008</u>
PROFIT BEFORE TAXATION		989,517	2,430,934
Tax on profit	8	<u>50,989</u>	<u>434,042</u>
PROFIT FOR THE FINANCIAL YEAR		938,528	1,996,892
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>938,528</u>	<u>1,996,892</u>
Profit attributable to:			
Owners of the parent		937,330	1,996,855
Non-controlling interests		<u>1,198</u>	<u>37</u>
		<u>938,528</u>	<u>1,996,892</u>
Total comprehensive income attributable to:			
Owners of the parent		937,330	1,996,855
Non-controlling interests		<u>1,198</u>	<u>37</u>
		<u>938,528</u>	<u>1,996,892</u>

The notes form part of these financial statements

**Cavendish & Gloucester Properties
Limited (Registered number: 01067607)**

**Consolidated Balance Sheet
31 December 2016**

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	10	41,680	47,279
Investment property	12	<u>3,605,331</u>	<u>3,251,700</u>
		3,647,011	3,298,979
CURRENT ASSETS			
Stocks	13	30,012,430	35,139,651
Debtors	14	10,149,880	17,551,392
Cash at bank and in hand		<u>2,916,356</u>	<u>3,256,222</u>
		43,078,666	55,947,265
CREDITORS			
Amounts falling due within one year	15	<u>24,633,087</u>	<u>41,091,182</u>
NET CURRENT ASSETS		<u>18,445,579</u>	<u>14,856,083</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,092,590	18,155,062
CREDITORS			
Amounts falling due after more than one year	16	(5,696,127)	(2,641,127)
PROVISIONS FOR LIABILITIES	18	<u>(300,000)</u>	<u>(356,000)</u>
NET ASSETS		<u>16,096,463</u>	<u>15,157,935</u>
CAPITAL AND RESERVES			
Called up share capital	19	2,184,379	2,184,379
Share premium	20	831,495	831,495
Capital reserves	20	489,227	489,227
Retained earnings	20	<u>12,561,957</u>	<u>11,624,627</u>
SHAREHOLDERS' FUNDS		16,067,058	15,129,728
NON-CONTROLLING INTERESTS	21	<u>29,405</u>	<u>28,207</u>
TOTAL EQUITY		<u>16,096,463</u>	<u>15,157,935</u>

The financial statements were approved by the Board of Directors on its behalf by:

15th September 17 and were signed on

P L Murphy - Director

The notes form part of these financial statements

**Cavendish & Gloucester Properties
Limited (Registered number: 01067607)**

**Company Balance Sheet
31 December 2016**

	Notes	2016 £	2015 £
FIXED ASSETS			
Tangible assets	10	2,576	2,862
Investments	11	<u>5,177,012</u>	<u>5,177,012</u>
		5,179,588	5,179,874
CURRENT ASSETS			
Stocks	13	29,992,190	35,096,683
Debtors	14	9,856,652	15,406,145
Cash at bank and in hand		<u>2,727,054</u>	<u>3,038,013</u>
		42,575,896	53,540,841
CREDITORS			
Amounts falling due within one year	15	<u>28,660,359</u>	<u>50,507,628</u>
NET CURRENT ASSETS		<u>13,915,537</u>	<u>3,033,213</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		19,095,125	8,213,087
CREDITORS			
Amounts falling due after more than one year	16	<u>(5,696,127)</u>	<u>(2,641,127)</u>
NET ASSETS		<u>13,398,998</u>	<u>5,571,960</u>
CAPITAL AND RESERVES			
Called up share capital	19	2,184,379	2,184,379
Share premium	20	831,495	831,495
Capital reserves	20	1,109	1,109
Retained earnings	20	<u>10,382,015</u>	<u>2,554,977</u>
SHAREHOLDERS' FUNDS		<u>13,398,998</u>	<u>5,571,960</u>
Company's profit/(loss) for the financial year		<u>7,827,038</u>	<u>(248,740)</u>

The financial statements were approved by the Board of Directors on 15th September 17 and were signed on its behalf by:

.....
P L Murphy - Director

The notes form part of these financial statements

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2016**

	Called up share capital £	Retained earnings £	Share premium £
Balance at 1 January 2015	2,184,379	9,627,772	831,495
Changes in equity			
Total comprehensive income	<u>-</u>	<u>1,996,855</u>	<u>-</u>
Balance at 31 December 2015	<u>2,184,379</u>	<u>11,624,627</u>	<u>831,495</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>937,330</u>	<u>-</u>
Balance at 31 December 2016	<u>2,184,379</u>	<u>12,561,957</u>	<u>831,495</u>

	Capital reserves £	Total £	Non-controlling interests £	Total equity £
Balance at 1 January 2015	489,227	13,132,873	28,170	13,161,043
Changes in equity				
Total comprehensive income	<u>-</u>	<u>1,996,855</u>	<u>37</u>	<u>1,996,892</u>
Balance at 31 December 2015	<u>489,227</u>	<u>15,129,728</u>	<u>28,207</u>	<u>15,157,935</u>
Changes in equity				
Total comprehensive income	<u>-</u>	<u>937,330</u>	<u>1,198</u>	<u>938,528</u>
Balance at 31 December 2016	<u>489,227</u>	<u>16,067,058</u>	<u>29,405</u>	<u>16,096,463</u>

**Cavendish & Gloucester Properties
Limited (Registered number: 01067607)**

**Company Statement of Changes in Equity
for the Year Ended 31 December 2016**

	Called up share capital £	Retained earnings £	Share premium £	Capital reserves £	Total equity £
Balance at 1 January 2015	2,184,379	2,803,717	831,495	1,109	5,820,700
Changes in equity					
Total comprehensive income	-	(248,740)	-	-	(248,740)
Balance at 31 December 2015	<u>2,184,379</u>	<u>2,554,977</u>	<u>831,495</u>	<u>1,109</u>	<u>5,571,960</u>
Changes in equity					
Total comprehensive income	-	7,827,038	-	-	7,827,038
Balance at 31 December 2016	<u><u>2,184,379</u></u>	<u><u>10,382,015</u></u>	<u><u>831,495</u></u>	<u><u>1,109</u></u>	<u><u>13,398,998</u></u>

The notes form part of these financial statements

**Cavendish & Gloucester Properties
Limited (Registered number: 01067607)**

**Consolidated Cash Flow Statement
for the Year Ended 31 December 2016**

	Notes	2016 £	2015 £
Cash flows from operating activities			
Cash generated from operations	1	8,742,126	(2,171,125)
Interest paid		(1,122,255)	(1,566,210)
Tax paid		<u>(734,705)</u>	<u>(179,644)</u>
Net cash from operating activities		<u>6,885,166</u>	<u>(3,916,979)</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		(7,741)	(39,146)
Purchase of fixed asset investments		-	(704,896)
Sale of tangible fixed assets		-	9,630
Sale of investment properties		-	393,459
Interest received		<u>7,549</u>	<u>90,104</u>
Net cash from investing activities		<u>(192)</u>	<u>(250,849)</u>
 Cash flows from financing activities			
Short term loans drawn down		5,529,762	14,926,145
Short term loans repaid		(12,754,602)	(10,154,457)
Debt due after one year - loans repaid		<u>-</u>	<u>(724,000)</u>
Net cash from financing activities		<u>(7,224,840)</u>	<u>4,047,688</u>
 Decrease in cash and cash equivalents		<u>(339,866)</u>	<u>(120,140)</u>
Cash and cash equivalents at beginning of year	2	<u>3,256,222</u>	<u>3,376,362</u>
 Cash and cash equivalents at end of year	2	<u><u>2,916,356</u></u>	<u><u>3,256,222</u></u>

The notes form part of these financial statements

**Notes to the Consolidated Cash Flow Statement
for the Year Ended 31 December 2016**

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2016 £	2015 £
Profit before taxation	989,517	2,430,934
Depreciation charges	13,340	13,167
Profit on disposal of fixed assets	-	(286,196)
Revaluation of investment properties	(353,631)	(1,624,549)
Finance costs	1,110,375	1,532,008
Finance income	(7,549)	(90,104)
	<u>1,752,052</u>	<u>1,975,260</u>
Decrease/(increase) in stocks	5,127,221	(4,624,020)
Decrease/(increase) in trade and other debtors	7,401,405	(4,263,079)
(Decrease)/increase in trade and other creditors	<u>(5,538,552)</u>	<u>4,740,714</u>
Cash generated from operations	<u>8,742,126</u>	<u>(2,171,125)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Consolidated Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2016

	31.12.16 £	1.1.16 £
Cash and cash equivalents	<u>2,916,356</u>	<u>3,256,222</u>

Year ended 31 December 2015

	31.12.15 £	1.1.15 £
Cash and cash equivalents	<u>3,256,222</u>	<u>3,376,362</u>

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2016**

1. STATUTORY INFORMATION

Cavendish & Gloucester Properties Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Going concern

After considering the group's prospects, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Significant judgement and estimates

In preparing the financial statements, estimates and judgements are made about the carrying values of assets and liabilities. Estimates and judgements are continually reviewed and are based on factors such as historical experience and other factors that are considered to be relevant.

Basis of consolidation

Subsidiaries

The consolidated financial statements include the accounts of the parent company and all its subsidiaries. Goodwill arising on consolidation and representing the excess of the fair value of the net assets acquired over purchase price is amortised over its estimated useful life of five years from the first full financial year after acquisition.

Joint property projects

The group is involved in various joint property project developments. The nature of most of these joint property projects is such that the group controls the day to day operations with a share of the profits or losses attributable to third party participants. Accordingly, the group has consolidated the results of those joint property projects under its control as if they were a normal part of its own trading. The share of profits or losses attributable to joint property participants has been shown separately before arriving at gross profit and the amounts invested by the joint property participants have been included under creditors due within one year.

The results for the joint property projects managed by others has been disclosed separately on the profit and loss account before arriving at gross profit and the amount invested in these joint property projects has been included under debtors.

Turnover

Turnover represents sales of properties held as trading stock, fees receivable from property management, rents receivable from investment properties and insurance commissions receivable, all relating to the year and excluding VAT. Sales of properties are recognised on the basis of unconditional contracts exchanged in the year.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 10% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- Straight line over 3 years

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

2. ACCOUNTING POLICIES - continued

Investment property

Investment property is included at fair value as determined by the directors. Revaluation surpluses or deficits are recognised in the income statement. Deferred tax is provided on those gains at the rate expected to apply when the property is sold.

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and disposal.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Pension costs and other post-retirement benefits

The group operates a defined benefit pension scheme in respect of one director and one employee and makes contributions to other directors' and employees' personal pension schemes.

Fixed asset investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the group.

An analysis of turnover by class of business is given below:

	2016	2015
	£	£
Sale of properties	21,870,908	19,976,794
Management fees	272,872	123,674
Insurance commissions received	24,930	31,097
Investment property rents	94,087	98,383
Lease extension fees	-	91,000
	<u>22,262,797</u>	<u>20,320,948</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

4. EMPLOYEES AND DIRECTORS

	2016	2015
	£	£
Wages and salaries	595,213	696,086
Social security costs	74,416	91,803
Other pension costs	<u>5,625</u>	<u>5,963</u>
	<u>675,254</u>	<u>793,852</u>

The average monthly number of employees during the year was as follows:

	2016	2015
Sales and marketing	2	2
Office and management	<u>8</u>	<u>9</u>
	<u>10</u>	<u>11</u>

	2016	2015
	£	£
Directors' remuneration	<u>150,000</u>	<u>262,500</u>

5. OPERATING PROFIT

The operating profit is stated after charging:

	2016	2015
	£	£
Depreciation - owned assets	13,340	13,167
Auditors' remuneration	21,000	30,500
Remuneration of auditors for non-audit work	<u>39,700</u>	<u>59,395</u>
Directors' remuneration	<u>150,000</u>	<u>262,500</u>

Other operating income includes:

Increase in value of investment properties	353,631	1,624,549
Rents receivable from trading properties	<u>148,048</u>	<u>120,864</u>

6. EXCEPTIONAL ITEMS

	2016	2015
	£	£
Profit on sale of investment properties	<u>-</u>	<u>289,220</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£	£
Bank interest	1,042,910	1,412,711
Interest payable on overdue tax	4,966	20,663
Other interest payable	<u>62,499</u>	<u>98,634</u>
	<u>1,110,375</u>	<u>1,532,008</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2016	2015
	£	£
Current tax:		
UK corporation tax	129,237	145,988
Adjustment for prior years	<u>(22,248)</u>	<u>54</u>
Total current tax	106,989	146,042
Deferred tax	<u>(56,000)</u>	<u>288,000</u>
Tax on profit	<u>50,989</u>	<u>434,042</u>

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£	£
Profit before tax	<u>989,517</u>	<u>2,430,934</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	197,903	486,187
Effects of:		
Expenses not deductible for tax purposes	1,833	-
Depreciation in excess of capital allowances	401	-
Adjustments to tax charge in respect of previous periods	(22,248)	54
Other tax adjustments	(174)	(15,289)
Fair value increase in investment properties	(70,726)	(324,910)
Deferred tax	<u>(56,000)</u>	<u>288,000</u>
Total tax charge	<u>50,989</u>	<u>434,042</u>

9. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

10. TANGIBLE FIXED ASSETS

Group	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 January 2016	128,678	47,230	25,545	201,453
Additions	<u>-</u>	<u>-</u>	<u>7,741</u>	<u>7,741</u>
At 31 December 2016	<u>128,678</u>	<u>47,230</u>	<u>33,286</u>	<u>209,194</u>
DEPRECIATION				
At 1 January 2016	107,141	24,556	22,477	154,174
Charge for year	<u>2,154</u>	<u>5,860</u>	<u>5,326</u>	<u>13,340</u>
At 31 December 2016	<u>109,295</u>	<u>30,416</u>	<u>27,803</u>	<u>167,514</u>
NET BOOK VALUE				
At 31 December 2016	<u>19,383</u>	<u>16,814</u>	<u>5,483</u>	<u>41,680</u>
At 31 December 2015	<u>21,537</u>	<u>22,674</u>	<u>3,068</u>	<u>47,279</u>
Company				Fixtures and fittings £
COST				
At 1 January 2016 and 31 December 2016				<u>55,573</u>
DEPRECIATION				
At 1 January 2016				52,711
Charge for year				<u>286</u>
At 31 December 2016				<u>52,997</u>
NET BOOK VALUE				
At 31 December 2016				<u>2,576</u>
At 31 December 2015				<u>2,862</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

11. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
COST	
At 1 January 2016 and 31 December 2016	<u>5,329,086</u>
PROVISIONS	
At 1 January 2016 and 31 December 2016	<u>152,074</u>
NET BOOK VALUE	
At 31 December 2016	<u>5,177,012</u>
At 31 December 2015	<u>5,177,012</u>

Cavendish & Gloucester Properties Limited holds the following direct and indirect interests in equity capital of the undertakings indicated below:

Name of company	Country of registration	Holdings	Proportion held
Trading companies			
Covemile Limited	England	Ordinary shares	90%
Gardenstate Properties Limited	England	Ordinary shares	100%
Halterstone Limited	England	Ordinary shares	100%
Happy Homes M25 Limited	England	Ordinary shares	100%
M25 Investments Limited	England	Ordinary shares	100%
Roundpoll Limited (with some investment activity)	England	Ordinary shares	100%
Roundpoll Insurance Services Limited	England	Ordinary shares	100%
Wadestock Limited	England	Ordinary shares	100%
Investment or holding companies			
Dawnstar Properties Limited	England	Ordinary shares	100%
Invicta Holdings Limited	England	Ordinary shares	100%
M25 Holdings Limited	England	Ordinary shares	100%
M25 Estates Limited	England	Ordinary shares	100%
Dormant or nominee companies			
Canaryridge Limited	England	Ordinary shares	100%
C&G Properties Limited	England	Ordinary shares	100%
Condo Properties Limited	England	Ordinary shares	100%
Desarex Properties Limited	England	Ordinary shares	100%
Knightspur Properties Limited	England	Ordinary shares	100%
Knightspur Homes Limited	England	Ordinary share	100%
Alnor Properties Limited	England	Ordinary shares	100%
Totteridge Common Limited	England	Ordinary shares	100%

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

12. INVESTMENT PROPERTY

Group	Total £
FAIR VALUE	
At 1 January 2016	3,251,700
Revaluations	<u>353,631</u>
At 31 December 2016	<u>3,605,331</u>
NET BOOK VALUE	
At 31 December 2016	<u>3,605,331</u>
At 31 December 2015	<u>3,251,700</u>

The investment properties have been stated at directors' valuation. The historical cost of the investment properties is £1,257,986 (2015: £1,257,986).

13. STOCKS

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Stock of properties	<u>30,012,430</u>	<u>35,139,651</u>	<u>29,992,190</u>	<u>35,096,683</u>

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	287,013	117,794	270,549	69,434
Amounts owed by group undertakings	-	-	326	15,562
Other debtors	8,519,762	11,387,109	8,518,873	9,286,950
Amounts invested in joint property developments	808,060	1,374,244	808,060	1,374,244
Directors' current accounts	2,261	2,261	-	-
Corporation tax recoverable	-	107	-	-
VAT	197,148	97,236	84,892	129,302
Prepayments and accrued income	<u>335,636</u>	<u>4,572,641</u>	<u>173,952</u>	<u>4,530,653</u>
	<u>10,149,880</u>	<u>17,551,392</u>	<u>9,856,652</u>	<u>15,406,145</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts (see note 17)	12,971,707	23,251,547	12,971,707	22,694,697
Trade creditors	571,935	665,977	535,207	552,898
Amounts owed to group undertakings	-	-	4,644,911	12,595,529
Corporation tax	276,875	904,698	10,472	37,324
Social security and other taxes	3,375	2,072	-	-
Other creditors	1,854,885	3,401,918	1,834,288	3,369,737
Amounts owed to joint property participants	7,946,183	9,810,844	7,932,868	9,336,810
Amounts due to landlords	27,403	58,396	-	-
Directors' current accounts	145,371	19,180	145,371	19,181
Accruals and deferred income	835,353	2,976,550	585,535	1,901,452
	<u>24,633,087</u>	<u>41,091,182</u>	<u>28,660,359</u>	<u>50,507,628</u>

The bank loans and overdrafts are secured by way of legal mortgages over land and buildings owned by the group. The other loans are secured over land and buildings owned by related entities.

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE
YEAR**

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans (see note-17)	3,581,127	526,127	3,581,127	526,127
Other loans (see note 17)	<u>2,115,000</u>	<u>2,115,000</u>	<u>2,115,000</u>	<u>2,115,000</u>
	<u>5,696,127</u>	<u>2,641,127</u>	<u>5,696,127</u>	<u>2,641,127</u>

The bank loans are secured by way of legal mortgages over land and building owned by the group. The other loans are secured on land and buildings owned by related entities.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank loans	<u>12,971,707</u>	<u>23,251,547</u>	<u>12,971,707</u>	<u>22,694,697</u>
Amounts falling due between one and two years:				
Bank loans - 1-2 years	<u>1,257,127</u>	<u>363,627</u>	<u>1,257,127</u>	<u>363,627</u>
Amounts falling due between two and five years:				
Bank loans - 2-5 years	2,324,000	162,500	2,324,000	162,500
Other loans - 2-5 years	<u>2,115,000</u>	<u>2,115,000</u>	<u>2,115,000</u>	<u>2,115,000</u>
	<u>4,439,000</u>	<u>2,277,500</u>	<u>4,439,000</u>	<u>2,277,500</u>

18. PROVISIONS FOR LIABILITIES

	Group	
	2016	2015
	£	£
Deferred tax	<u>300,000</u>	<u>356,000</u>
Group		
		Deferred tax
		£
Balance at 1 January 2016		356,000
Credit to Statement of Comprehensive Income during year		<u>(56,000)</u>
Balance at 31 December 2016		<u>300,000</u>

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2016	2015
			£	£
2,184,379	Ordinary shares	£1	<u>2,184,379</u>	<u>2,184,379</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

20. RESERVES

Group	Retained earnings £	Share premium £	Capital reserves £	Totals £
At 1 January 2016	11,624,627	831,495	489,227	12,945,349
Profit for the year	<u>937,330</u>			<u>937,330</u>
At 31 December 2016	<u>12,561,957</u>	<u>831,495</u>	<u>489,227</u>	<u>13,882,679</u>
Company				
	Retained earnings £	Share premium £	Capital reserves £	Totals £
At 1 January 2016	2,554,977	831,495	1,109	3,387,581
Profit for the year	<u>7,827,038</u>			<u>7,827,038</u>
At 31 December 2016	<u>10,382,015</u>	<u>831,495</u>	<u>1,109</u>	<u>11,214,619</u>

21. NON-CONTROLLING INTERESTS

	£
At 1 January 2016	28,207
Profit and loss charge for the year	<u>1,198</u>
At 31 December 2016	<u>29,405</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

22. RELATED PARTY DISCLOSURES

a) Joint property participants' share of profits includes profits / (loss) attributable to the following related parties:

	2016	2015
	£	£
Reachdrum Limited	107,455	92,255
Revelprime Limited	18,138	58,787
Mounthead Limited	(25,510)	3,117
P L Murphy	57,006	(47,840)
P Murphy Children's Trust	<u>199,339</u>	<u>(23,598)</u>

Profits / (losses) from joint property
projects managed by related parties were:

Reachdrum Limited	(672)	(1,196)
Plaint Limited	<u>46,240</u>	<u>789</u>

Amounts owed by / (due to) related party
joint property participants were:

Reachdrum Limited in respect of joint property projects managed by Reachdrum Limited	9,332	10,004
Reachdrum Limited in respect of joint property projects managed by the Cavendish & Gloucester Properties Limited group	(994,674)	(865,956)
Plaint Limited	798,727	1,435,626
Revelprime Limited	(120,238)	(102,483)
Mounthead Limited	25,510	(3,804)
P L Murphy	(111,220)	(47,622)
P Murphy Children's Trust	<u>(781,726)</u>	<u>(867,535)</u>

In addition to the above, other debtors and
other creditors include the following
related party balances due from / (to):

Due to Delaway Limited	(12,806)	(12,806)
Due from MFC Estates plc	8,410,828	9,265,341
Due from / (to) Enterprise Properties Limited	74,529	(1,693,941)
Due to P Murphy Children's Trust	(320,000)	(10,000)
Due from Pressmile Limited	-	2,006,993
Due to M 25 Group Limited	(1,391,328)	(1,466,328)
Due to Cavendish & Gloucester plc	<u>(66,721)</u>	<u>-</u>

Other than stated below, the balances above are unsecured and interest free.

(i) Reachdrum Limited is under the control of the director, M Slane, by virtue of his beneficial interest in that company.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2016**

(ii) Revelprime Limited and Mountheed Limited are wholly owned subsidiaries of M 25 Group Limited, which in turn is a wholly owned subsidiary of Enterprise Properties Limited, a company owned by P Murphy and P Murphy Children's Trust. P Murphy is the settlor of P Murphy Children's Trust.

(iii) Plaintiff Limited is a wholly owned subsidiary of Enterprise Properties Limited.

(iv) Pressmile Limited is a wholly owned subsidiary of MFC Estates plc. Interest receivable includes £6,665 (2015: £90,096) in respect of interest chargeable to Pressmile Limited. MFC Estates plc, which is under the control of P Murphy, is interested in 12.80% (2015: 12.80%) of the issued share capital of Cavendish & Gloucester Properties Limited.

(v) Cavendish & Gloucester plc is wholly owned by P Murphy.

(vi) Other operating income includes £50,000 (2015: £50,000) in respect of management fees charged to M 25 Group Limited.

(vii) Turnover includes management fees receivable of £111,797 (2015: £107,614) chargeable to Drivers & Norris Limited, a company under the control of P Murphy. Cost of sales include £99,781 (2015: £96,994) of consultancy fees rendered by third parties in respect of work done on behalf of Drivers & Norris Limited. Cost of sales also includes £nil (2015: £397,622) in respect of management fees payable to MFC Estates plc. Turnover also includes accrued management fees receivable of £130,294 (2015: £nil) chargeable to Finchley Developments C&G Limited, a wholly owned subsidiary of MFC Estates plc.

(viii) Delaway Limited is under the control of P Murphy and M Slane who each have a 50% interest in that company.

b) Administrative expenses includes rent of £258,000 (2015: £258,000) payable to P Murphy for the use of a property owned by him. Also included under administrative expenses is a sum of £21,996 (2015: £21,996) in respect of rents payable to Reedrent Limited, and £49,333 (2015: £43,333) in respect of rents payable to Finchley Developments C&G Limited. Reedrent Limited is a wholly owned subsidiary of MFC Estates plc.

c) The directors' current accounts of £145,371 (2015: £19,180) shown under creditors for both the company and the group is due entirely to P Murphy. The directors' current accounts of £2,261 (2015: £2,261) shown under debtors for both the company and the group is due from M Slane. No interest has been charged on these sums.

d) Other loans of £2,115,000 (2015: £2,115,000) represent amounts borrowed from The KCG Pension Fund, a self administered pension scheme of which P Murphy is a trustee and member. Interest is charged at 2% above the bank base rate. The loans are secured on properties owned by MFC Estates plc group and the P Murphy Children's Trust. Interest payable for the year was £53,024 (2015: £53,024).

e) Interest payable also includes £nil (2015: £34,912) payable to M 25 Group Limited.

23. ULTIMATE CONTROLLING PARTY

The group is under the control of the director, P Murphy, by virtue of his beneficial interest in the issued share capital of the parent company.