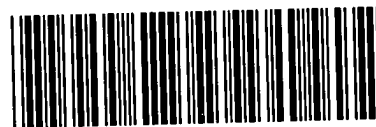


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Company Registration No. 00549088 (England and Wales)

GROVE COURT PROPERTIES (HOLDINGS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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GROVE COURT PROPERTIES (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors

Mr G Williams
Ms D J C Pilling
Mr R A Hughes
Mr R J M Hughes
Ms S J Tidswell-Norrish
Ms J Hughes
Mr S A M Tidswell-Norrish

Company number

00549088

Registered office

58 Oak End Way
GERRARDS CROSS
Buckinghamshire
SL9 8BR

Auditors

Harwood Hutton Limited
22 Wycombe End
Beaconsfield
Buckinghamshire
HP9 1NB

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

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GROVE COURT PROPERTIES (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the strategic report for the year ended 31 December 2019.

Principal Activity and Business Review

The principal activity of the company continued to be that of a holding company.

The principal activities of the investment subsidiaries are the management of a property portfolio comprising a number of offices, shops and residential flats.

Excluding the sale of the investment property and the profit on revaluation of investment properties, 2019 pre-tax profit amounted to £1.1m. The 2018 pre-tax profit on continuing operations of £10.3m included £9.1m profit on revaluation of investment properties. Excluding this revaluation, 2018 pre-tax profit amounted to £1.2m. This represents a like-for-like pre-tax profit decrease of 9%.

Since the balance sheet date, the group has sold its interest in the shares of an associate company, Farnham Common Developments Limited. The sale was completed on 28 May 2020.

Principal Risks and Uncertainties

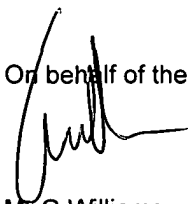
Risk management remains a priority. We believe the key risk factors faced by the company are as follows:

The property market, like most other retail industry, is influenced by general economic conditions and particularly by consumer confidence, the level of personal discretionary spending, interest rates, fuel prices, weather conditions, unemployment rates and credit availability.

Negotiations to determine the future terms of the UK's relationship with the EU post Brexit are continuing, including, amongst other things, the terms of trade between the UK and the EU. Whilst there has been continuing uncertainty during 2019, and whilst it remains likely that consumer confidence in the UK may be affected whilst negotiations continue, the company has not yet noticed any significant changes in market conditions due to Brexit that could affect the company's long term investment.

However, whilst the long term effects of COVID 19 cannot yet be quantified, any adverse economic conditions for a sustained period will have an adverse impact on the profitability of the company, should this lead to a reduction in demand for both residential and commercial properties

On behalf of the board



Mr G Williams

Director

21 October 2020

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G Williams
Ms D J C Pilling
Mr R A Hughes
Mr R J M Hughes
Ms S J Tidswell-Norrish
Ms J Hughes
Mr S A M Tidswell-Norrish

Results and dividends

The results for the year are set out on pages 7 to 8.

Interim dividends were paid amounting to £10,281,310. The directors do not recommend payment of a further dividend.

Auditor

The auditor, Harwood Hutton Limited, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

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 group and company, 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 UK 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 group and company will continue in business.

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

Statement of disclosure to auditor

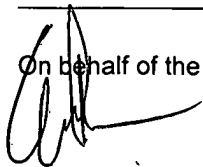
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

On behalf of the board



Mr G Williams
Director

21 October 2020

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GROVE COURT PROPERTIES (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Grove Court Properties (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and 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 the parent company's affairs as at 31 December 2019 and of its 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 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 directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GROVE COURT PROPERTIES (HOLDINGS) LIMITED

Opinions on other matters 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF GROVE COURT PROPERTIES (HOLDINGS) LIMITED

Use of our report

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



Margaret El Khalidi (Senior Statutory Auditor)
for and on behalf of Harwood Hutton Limited

21 October 2020

Chartered Accountants
Statutory Auditor

22 Wycombe End
Beaconsfield
Buckinghamshire
HP9 1NB

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Continuing operations £	Discontinued operations £	31 December 2019 £	Continuing operations £	Discontinued operations £	31 December 2018 £
Turnover	3	2,005,974	-	2,005,974	1,902,189	82,549,730	84,451,919
Cost of sales		-	-	-	-	(74,697,619)	(74,697,619)
Gross profit		2,005,974	-	2,005,974	1,902,189	7,852,111	9,754,300
Administrative expenses		(729,318)	-	(729,318)	(376,861)	(9,316,331)	(9,693,192)
Other operating income		773	-	773	(141,367)	714,358	572,991
Operating profit	5	1,277,429	-	1,277,429	1,383,961	(749,862)	634,099
Interest receivable and similar income	8	43,118	-	43,118	29,606	-	29,606
Interest payable and similar expenses	9	(181,144)	-	(181,144)	(203,642)	(195,163)	(398,805)
Amounts written off investments	10	801,672	-	801,672	(2,407)	-	(2,407)
Fair value gains and losses on investment properties	14	104,942	-	104,942	9,096,874	-	9,096,874
Profit/(loss) on disposal of operations		-	-	-	-	-	-
- Disposal of the motor trade		-	-	-	-	7,241,592	7,241,592
Profit before taxation		2,046,017	-	2,046,017	10,304,392	6,296,567	16,600,959
Tax on profit	11	(648,902)	-	(648,902)	(1,684,844)	1,849	(1,682,995)
Profit for the financial year		1,397,115	-	1,397,115	8,619,548	6,298,416	14,917,964

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Notes	Continuing operations	Discontinued operations	31 December 2019	Continuing operations	Discontinued operations	31 December 2018
	£	£	£	£	£	£
Profit for the financial year is attributable to:						
- Owners of the parent company			1,397,081			15,296,324
- Non-controlling interests			34			(378,360)
			<u>1,397,115</u>			<u>14,917,964</u>
Total comprehensive income for the year is attributable to:						
- Owners of the parent company			1,397,081			15,296,324
- Non-controlling interests			34			(378,360)
			<u>1,397,115</u>			<u>14,917,964</u>

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

GROUP BALANCE SHEET AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	13	60,318		81,280	
Investment properties	14	41,596,984		39,744,479	
		<u>41,657,302</u>		<u>39,825,759</u>	
Current assets					
Stocks	18	3,311,465		3,254,086	
Debtors	19	1,398,267		2,785,825	
Cash at bank and in hand		7,409,429		11,479,700	
		<u>12,119,161</u>		<u>17,519,611</u>	
Creditors: amounts falling due within one year	20	(15,196,854)		(11,218,952)	
Net current (liabilities)/assets		<u>(3,077,693)</u>		<u>6,300,659</u>	
Total assets less current liabilities		<u>38,579,609</u>		<u>46,126,418</u>	
Creditors: amounts falling due after more than one year	21	(1,000,000)		-	
Provisions for liabilities	23	(3,191,073)		(2,853,687)	
Net assets		<u>34,388,536</u>		<u>43,272,731</u>	
Capital and reserves					
Called up share capital	25	701,249		701,249	
Capital redemption reserve		1,348,100		1,348,100	
Profit and loss reserves		32,340,524		41,224,753	
Equity attributable to owners of the parent company		<u>34,389,873</u>		<u>43,274,102</u>	
Non-controlling interests		<u>(1,337)</u>		<u>(1,371)</u>	
		<u>34,388,536</u>		<u>43,272,731</u>	

The financial statements were approved by the board of directors and authorised for issue on 21 October 2020 and are signed on its behalf by:


Mr G Williams
Director

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Investments	15		2,970,699		2,970,699
Current assets					
Debtors	19	4,510,854		14,777,551	
Net current assets			4,510,854		14,777,551
Total assets less current liabilities			7,481,553		17,748,250
Capital and reserves					
Called up share capital	25		701,249		701,249
Capital redemption reserve			1,348,100		1,348,100
Profit and loss reserves			5,432,204		15,698,901
Total equity			7,481,553		17,748,250

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £14,613 (2018 - £22,992,265).

The financial statements were approved by the board of directors and authorised for issue on 21 October 2020 and are signed on its behalf by:


Mr G Williams
Director

Company Registration No. 00549088

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total controlling interest £	Non-controlling interest £	Total £
Balance at 1 January 2018		701,249	2,024,002	35,150,293	37,875,544	5,472,794	43,348,338
Year ended 31 December 2018:							
Profit and total comprehensive income for the year		-	-	15,296,324	15,296,324	(378,360)	14,917,964
Dividends	12	-	-	(9,221,864)	(9,221,864)	-	(9,221,864)
Disposal of subsidiary		-	-	-	-	(5,095,805)	(5,095,805)
Other movements		-	(675,902)	-	(675,902)	-	(675,902)
Balance at 31 December 2018		701,249	1,348,100	41,224,753	43,274,102	(1,371)	43,272,731
Year ended 31 December 2019:							
Profit and total comprehensive income for the year		-	-	1,397,081	1,397,081	34	1,397,115
Dividends	12	-	-	(10,281,310)	(10,281,310)	-	(10,281,310)
Balance at 31 December 2019		701,249	1,348,100	32,340,524	34,389,873	(1,337)	34,388,536

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
Balance at 1 January 2018		701,249	1,348,100	1,928,500	3,977,849
Year ended 31 December 2018:					
Profit and total comprehensive income for the year		-	-	22,992,265	22,992,265
Dividends	12	-	-	(9,221,864)	(9,221,864)
Balance at 31 December 2018		701,249	1,348,100	15,698,901	17,748,250
Year ended 31 December 2019:					
Profit and total comprehensive income for the year		-	-	14,613	14,613
Dividends	12	-	-	(10,281,310)	(10,281,310)
Balance at 31 December 2019		701,249	1,348,100	5,432,204	7,481,553

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Cash generated from operations	34	3,041,807		6,983,910	
Interest paid		(181,144)		(398,805)	
Income taxes paid		(167,937)		(639,997)	
Net cash inflow from operating activities		2,692,726		5,945,108	
Investing activities					
Proceeds of disposal of business		-	12,312,342		
Purchase of tangible fixed assets		-	(40,384)		
Purchase of investment property	(2,417,563)		(119,786)		
Proceeds on disposal of investment property	1,500,000		-		
Proceeds on disposal of fixed asset investments	-		(2,407)		
Interest received	43,118		29,606		
Net cash (used in)/generated from investing activities		(874,445)		12,179,371	
Financing activities					
Proceeds from borrowings	25,478,788		14,643,816		
Repayment of borrowings	(21,086,030)		(11,120,659)		
Dividends paid to equity shareholders	(10,281,310)		(9,221,864)		
Net cash used in financing activities		(5,888,552)		(5,698,707)	
Net (decrease)/increase in cash and cash equivalents		(4,070,271)		12,425,772	
Cash and cash equivalents at beginning of year		11,479,700		(946,072)	
Cash and cash equivalents at end of year		7,409,429		11,479,700	

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Grove Court Properties (Holdings) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 58 Oak End Way, GERRARDS CROSS, Buckinghamshire, SL9 8BR.

The group consists of Grove Court Properties (Holdings) Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are presented in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

As the parent company of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, Grove Court Properties (Holdings) Limited has taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Grove Court Properties (Holdings) Limited and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2019. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.4 Turnover

All revenue relating to property rental income is recognised on a straight line basis over the life of the lease.

Revenue from the sale of investment properties is recognised at the point of completion, in accordance with the sale contract.

Turnover from the sale of goods and services is measured at the fair value of consideration receivable, net of discounts.

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and the revenue can be reliably measured. For the motor trade, this means that revenue is recognised when vehicles or parts are invoiced and physically dispatched or when the service has been undertaken.

Revenue in respect of manufacturer performance bonuses is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of revenue can be measured reliably. In practice, this means that bonus revenue is recognised when the associated performance obligations have been met.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings (used in property investment)	15% reducing balance
---	----------------------

Motor vehicles	15% reducing balance
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account. Revaluations are carried out by the directors, who have experience in the location and class of the investment property being valued.

1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.10 Financial instruments

The group has elected to apply the provisions of Section 11 "Basic Financial Instruments" to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances are measured at transaction price less any provision for impairment. Loans receivable are measured initially at fair value, net of transaction costs and are subsequently carried at amortised costs using the effective interest method, less any provision for impairment.

Basic financial liabilities

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans and other loans, are measured initially at fair value, net of transaction costs and are subsequently carried at amortised costs using the effective interest method.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

1.12 Retirement benefits

There is a group pension scheme, which provides pensions and lump sums upon retirement to all employees eligible under the rules of the scheme.

The scheme is a defined contribution scheme with assets held separately from the group in independently administered funds.

Payments to pension scheme represent contributions payable by the group to the fund at a fixed percentage of employees' gross salaries and are chargeable to profit and loss account as they fall due.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Judgements 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 carrying amount of assets and liabilities that are not readily apparent from other sources. 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. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Useful economic lives of tangible fixed assets

The useful economic lives used by the group in respect of tangible fixed assets are set out in the accounting policies. These estimates are the best estimate based on past experience and expected performance and are regularly reviewed to ensure they remain appropriate.

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

(Continued)

Investment Property

The valuation of the group's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As a result, the valuations the group places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the property market.

The investment property valuation is based on a number of assumptions as at 31 December 2019. The assumptions on which the property valuation reports have been based include, but are not limited to, matters such as the tenure and tenancy details for the properties, ground conditions at the properties, the structural condition of the properties, prevailing market yields and comparable market transactions. These assumptions are market standard and accord with the Royal Institution of Chartered Surveyors (RICS).

3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2019 £	2018 £
Turnover analysed by class of business		
Sales of goods	-	76,644,020
Rendering of services	-	454,563
Property income	2,005,974	1,902,189
Supplier bonuses	-	5,451,147
	<u>2,005,974</u>	<u>84,451,919</u>

	2019 £	2018 £
Other significant revenue		
Commissions received	-	569,244
	<u>-</u>	<u>569,244</u>

4 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company's subsidiaries	21,500	36,000
	<u>21,500</u>	<u>36,000</u>
For other services		
Taxation compliance services	5,000	4,000
Other taxation services	1,000	-
All other non-audit services	20,000	22,000
	<u>26,000</u>	<u>26,000</u>

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

5 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(2,874)	-
Depreciation of owned tangible fixed assets	12,191	259,852
Loss on disposal of tangible fixed assets	5,884	481,798
Operating lease charges	20,840	26,102
	<u>20,840</u>	<u>26,102</u>

6 Employees

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

	Group 2019 Number	2018 Number	Company 2019 Number	2018 Number
Technicians	-	137	-	-
Selling	-	50	-	-
Administrative	5	196	-	-
	<u>5</u>	<u>383</u>	<u>-</u>	<u>-</u>

Their aggregate remuneration comprised:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Wages and salaries	197,010	4,434,432	-	-
Social security costs	19,513	469,064	-	-
Pension costs	7,022	143,807	-	-
	<u>223,545</u>	<u>5,047,303</u>	<u>-</u>	<u>-</u>

7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	80,000	43,918
Company pension contributions to defined contribution schemes	4,000	2,000
	<u>84,000</u>	<u>45,918</u>

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

8 Interest receivable and similar income

	2019 £	2018 £
Interest income		
Interest on bank deposits	42,461	28,433
Other interest income	657	1,173
	<u> </u>	<u> </u>
Total income	<u>43,118</u>	<u>29,606</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>42,461</u>	<u>28,433</u>
--	---------------	---------------

9 Interest payable and similar expenses

	2019 £	2018 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	-	22,561
Other interest on financial liabilities	181,144	376,244
	<u> </u>	<u> </u>
	<u>181,144</u>	<u>398,805</u>

10 Amounts written off investments

	2019 £	2018 £
Gain on disposal of investments held at fair value	801,672	-
Amounts written back to/(written off) current loans	-	(2,407)
	<u> </u>	<u> </u>
	<u>801,672</u>	<u>(2,407)</u>

11 Taxation

	2019 £	2018 £
Current tax		
UK corporation tax on profits for the current period	287,266	247,735
Adjustments in respect of prior periods	-	2,761
Other taxes	24,250	24,250
	<u> </u>	<u> </u>
Total current tax	<u>311,516</u>	<u>274,746</u>

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Taxation

(Continued)

Deferred tax

Origination and reversal of timing differences	337,386	1,584,561
Write down or reversal of write down of deferred tax asset	-	(176,312)
Total deferred tax	337,386	1,408,249
Total tax charge	648,902	1,682,995

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
Profit before taxation	2,046,017	16,600,959
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	388,743	3,154,182
Tax effect of expenses that are not deductible in determining taxable profit	8,390	91,223
Gains not taxable	-	(1,340,719)
Unutilised tax losses carried forward	(13)	92,388
Effect of change in corporation tax rate	335,728	(187,060)
Amortisation on assets not qualifying for tax allowances	23,837	23,837
Other permanent differences	(16,246)	21,096
Under/(over) provided in prior years	-	7,744
ATED included in tax charge	24,250	24,250
Tenant's daily deduction allowance re: operating lease	(27,634)	(27,634)
Indexation allowance on disposal of investment property	(88,153)	(176,312)
Tax expense for the year	648,902	1,682,995

12 Dividends

	2019 £	2018 £
Interim paid	10,281,310	9,221,864

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

13 Tangible fixed assets

Group	Fixtures and fittings (used in property investment)	Motor vehicles	Total
	£	£	£
Cost			
At 1 January 2019	293,228	13,086	306,314
Disposals	(114,077)	-	(114,077)
At 31 December 2019	179,151	13,086	192,237
Depreciation and impairment			
At 1 January 2019	223,071	1,963	225,034
Depreciation charged in the year	10,523	1,668	12,191
Eliminated in respect of disposals	(105,306)	-	(105,306)
At 31 December 2019	128,288	3,631	131,919
Carrying amount			
At 31 December 2019	50,863	9,455	60,318
At 31 December 2018	70,157	11,123	81,280

The company had no tangible fixed assets at 31 December 2019 or 31 December 2018.

14 Investment property

	Group 2019 £	Company 2019 £
Fair value		
At 1 January 2018	39,744,479	-
Additions through external acquisition	2,417,563	-
Disposals	(670,000)	-
Net gains or losses through fair value adjustments	104,942	-
At 31 December 2019	41,596,984	-

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

14 Investment property

(Continued)

Investment properties are valued by adopting the investment method of valuation. This approach involves applying market-derived capitalisation yields to current and market-derived future income streams with appropriate adjustments for income voids arising from vacancies or rent-free periods. These capitalisation yields and future income streams are derived from comparable property and leasing transactions and are considered to be the key inputs in the valuation. Other factors taken into account in the valuation include the tenure of the property, tenancy details and ground and structural conditions. The valuations were undertaken by the director who has experience in the local property market.

There are no restrictions on the realisability of investment properties or the remittance of income. Furthermore, there are no contractual obligations that must be disclosed with regards to the investment properties.

The original cost of these properties was £19,090,053 (2018 - £17,397,972).

15 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	16	-	-	2,970,699	2,970,699

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 January 2019 and 31 December 2019	2,970,699
Carrying amount	
At 31 December 2019	2,970,699
At 31 December 2018	2,970,699

16 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held	
			Direct	Indirect
Grove Court Properties (Beaconsfield) Ltd	England	Ordinary	100.00	-
Gerrards House Ltd	England	Ordinary	-	100

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

17 Associates

Details of associates at 31 December 2019 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct Indirect
Farnham Common Developments Limited	England	Ordinary	- 50.00

18 Stocks

	Group 2019 £	2018 £	Company 2019 £	2018 £
Work in progress	3,311,465	3,254,086	-	-

19 Debtors

	Group 2019 £	2018 £	Company 2019 £	2018 £
Amounts falling due within one year:				
Trade debtors	72,537	403,269	-	-
Corporation tax recoverable	-	52,954	-	-
Amounts owed by group undertakings	-	-	4,510,854	13,017,089
Other debtors	1,321,232	565,137	-	-
Prepayments and accrued income	4,498	1,764,465	-	1,760,462
	1,398,267	2,785,825	4,510,854	14,777,551

20 Creditors: amounts falling due within one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Other borrowings		10,668,926	8,722,488	-	-
Trade creditors		21,080	109,653	-	-
Corporation tax payable		170,802	80,177	-	-
Other taxation and social security		27,360	90,002	-	-
Other creditors		3,741,699	1,595,061	-	-
Accruals and deferred income		566,987	621,571	-	-
		15,196,854	11,218,952	-	-

Included in other borrowings are loans totalling £5,548,244 (2018 - £4,826,970) from trusts benefitting directors of the parent company which are secured by fixed charges over investment properties in Grove Court Properties (Beaconsfield) Limited.

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

21 Creditors: amounts falling due after more than one year

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Other borrowings		1,000,000	-	-	-

22 Financial instruments

		Group 2019 £	2018 £	Company 2019 £	2018 £
Carrying amount of financial assets					
Debt instruments measured at amortised cost		1,371,102	968,406	4,510,854	14,777,551
Carrying amount of financial liabilities					
Measured at amortised cost		15,431,705	10,427,202	-	-

23 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £
Group		
Accelerated capital allowances	(49,102)	(52,614)
Investment property	3,240,175	2,906,301
	<u>3,191,073</u>	<u>2,853,687</u>

The company has no deferred tax assets or liabilities.

	Group 2019 £	Company 2019 £
Movements in the year:		
Liability at 1 January 2019	2,853,687	-
Charge to profit or loss	337,386	-
Liability at 31 December 2019	<u>3,191,073</u>	<u>-</u>

The provision for deferred tax arises as a result of accelerated tax allowances on tangible fixed assets and revaluation gains on investment properties. Provision has been made for the potential liability that would arise if the investment properties were sold at their fair value amount.

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

24 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	7,022	143,807

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

25 Share capital

	Group and company	
	2019	2018
Ordinary share capital	£	£
Authorised, issued and fully paid		
61,659 Ordinary of £1 each	61,659	61,659
639,590 Deferred of £1 each	639,590	639,590
	<u>701,249</u>	<u>701,249</u>

Ordinary and Deferred shares rank equally in all respects.

26 Reserves

The group profit and loss reserve contains the cumulative balance of retained profit and losses as well as investment property revaluations since the group started trading; it is made up of both distributable and non-distributable reserves. At the balance sheet date, profit and loss reserves were £32,545,003 (2018 - £41,224,753). Of this amount, non-distributable reserves totalled £19,266,756 (2018 - £19,559,992).

27 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	18,150	18,150	-	-
Between two and five years	50,600	61,600	-	-
In over five years	124,700	131,850	-	-
	<u>193,450</u>	<u>211,600</u>	<u>-</u>	<u>-</u>

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

27 Operating lease commitments

(Continued)

Lessor

The operating leases represent leases of properties to third parties. Lease are generally between one and twenty years in length, and may contain rent free periods and breaks in favour of either the landlord, tenant or both and can be inside or outside of the Landlord and Tenants Act.

At the reporting end date the group had contracted with tenants for the following minimum lease payments:

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	1,699,256	1,372,095	-	-
Between two and five years	4,720,760	4,348,848	-	-
In over five years	6,774,079	7,570,903	-	-
	<u>13,194,095</u>	<u>13,291,846</u>	<u>-</u>	<u>-</u>

28 Non-controlling interests

The non-controlling interests are in respect of 50% (2018 - 50%) of the issued share capital of Farnham Common Developments Limited.

29 Events after the reporting date

On 28 May 2020, the group disposed of its entire interest in Farnham Common Developments Limited.

30 Directors' transactions

Dividends totalling £7,378,348 (2018 - £6,618,040) were paid in the year in respect of shares held by the company's directors.

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

31 Related party transactions

Transactions with related parties

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

	Rental income receivable		Interest receivable/ (payable)	
	2019	2018	2019	2018
	£	£	£	£
Directors of the parent company	10,000	10,000	(29,416)	(32,648)
Close family of directors of the parent company	-	-	(57,360)	(34,874)
Other related parties	-	-	(85,487)	(57,627)
	<u>10,000</u>	<u>10,000</u>	<u>(172,263)</u>	<u>(125,149)</u>

A director of the parent company is a tenant of a property owned by a subsidiary company.

Interest is payable on the related party creditor balances detailed below, and receivable on the related party debtor balances detailed below. The current rate of interest is 2.5% per annum. All loans are payable or repayable on demand.

Amounts owed to related parties	2019 £	2018 £
Directors of the parent company	7,187,270	2,688,139
Close family of directors of the parent company	3,753,834	4,162,216
Other related parties	4,111,620	3,072,132
	<u>15,052,724</u>	<u>9,922,487</u>

Amounts owed to other related parties are owed to a company owned by settlements benefitting the directors of the parent company and their close family.

Amounts owed by related parties	2019 Balance £	2018 Balance £
Directors of the parent company	703,077	551,117
Close family of directors of the parent company	595,487	14,020
	<u>1,298,564</u>	<u>565,137</u>

GROVE COURT PROPERTIES (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

31 Related party transactions

(Continued)

Company

The company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

32 Controlling party

The group was under the control of the Hughes family and trusts for the benefit of the family throughout the current and previous period.

33 Analysis of changes in net funds/(debt) - group

	1 January 2019 £	Cash flows £	31 December 2019 £
Cash at bank and in hand	11,479,700	(4,070,271)	7,409,429
Borrowings excluding overdrafts	(8,722,488)	(2,946,438)	(11,668,926)
	<u>2,757,212</u>	<u>(7,016,709)</u>	<u>(4,259,497)</u>

34 Cash generated from group operations

	2019 £	2018 £
Profit for the year after tax	1,397,115	14,917,964
Adjustments for:		
Taxation charged	648,902	1,682,995
Finance costs	181,144	398,805
Investment income	(43,118)	(29,606)
Loss on disposal of tangible fixed assets	5,884	932,514
Gain on disposal of business	-	(7,052,659)
Fair value gains and losses on foreign exchange contracts and investment properties	(104,942)	(9,096,874)
Depreciation and impairment of tangible fixed assets	12,191	198,784
Amounts written off investments	(801,672)	2,407
Movements in working capital:		
(Increase)/decrease in stocks	(57,379)	3,127,058
Decrease/(increase) in debtors	2,068,032	(2,354,264)
(Decrease)/increase in creditors	(264,350)	4,256,786
Cash generated from operations	<u>3,041,807</u>	<u>6,983,910</u>