

Company Registration No: 2996792

HERBFRAME LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2016



HERBFRAME LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

R Tchenguiz
V A Tchenguiz

REGISTERED OFFICE

5th Floor
Leconfield House
Curzon Street
London
W1J 5JA

AUDITOR

RSM UK Audit LLP
Chartered Accountants
3rd Floor
One London Square
Cross Lanes
Guildford
Surrey
GU1 1UN

SOLICITORS

Osborne Clarke
One London Wall
London
EC2Y 5EB

HERBFRAME LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements of Herbframe Limited for the year ended 31 May 2016.

Principal activities and business review

The principal activity of the company, which has remained unchanged during the year, was to hold a reversionary interest in an investment property.

The company has leased the property at a peppercorn rent for a period of 30 years terminating in 2025. This is held as an investment property as the tenant has no right to purchase the freehold at the end of the lease term.

In the opinion of the directors, the result for the year and the financial position of the company at 31 May 2016 were satisfactory, given the support of Rotch Property Group Limited, the company's holding company.

Investment properties

The investment property held at 31 May 2016 was valued at that date at £11,100,000 (2015: £10,400,000) by the directors. The increase in value during the year amounted to £700,000 (2015: £725,000) as set out in note 6. This valuation reflects the revisionary interest in 2025 and the fact that the company currently generates no income from the property.

Results and dividends

The loss for the year amounted to £1,738,688 (2015: profit of £951,938). The directors do not recommend the payment of a dividend.

Directors

The following directors have held office since 1 June 2015:

R Tchenguiz
V A Tchenguiz

HERBFRAME LIMITED

DIRECTORS' REPORT (Continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' 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 of the profit or loss of the company for that period.

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

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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 transactions and disclose with reasonable accuracy at any time the financial position of the 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

The auditor, RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. The directors have also taken the available exemption from the requirement to prepare a strategic report.

By order of the Board:



R Tchenguz

Director

25 January 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HERBFRAME LIMITED

Opinion on financial statements

We have audited the financial statements on pages 5 to 16. 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2016 and of its results 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.

Scope of the audit of the financial statements

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Directors' Report has been prepared in accordance with applicable legal requirements.

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

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 (APB's) Ethical Standards for Auditors.

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.



Christopher Hurren BA FCA (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
3rd Floor, One London Square,
Cross Lanes, Guildford,
Surrey, GU1 1UN

23 FEBRUARY 2017

HERBFRAME LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MAY 2016

	Notes	2016 £	2015 £
Provision for loan guarantee		(2,516,188)	278,188
Administrative expenses		(4,500)	(3,000)
Fair value gain on investment property		700,000	725,000
(Loss)/profit on ordinary activities before taxation	3	(1,820,688)	1,000,188
Taxation	5	82,000	(48,250)
(Loss)/profit on ordinary activities after taxation		(1,738,688)	951,938
Other comprehensive income		-	-
Total comprehensive income for the year		(1,738,688)	951,938

HERBFRAME LIMITED

STATEMENT OF FINANCIAL POSITION (Company Registration Number: 2996792)

AT 31 MAY 2016

	Notes	2016 £	2015 £
Fixed assets			
Investment properties	6	11,100,000	10,400,000
Creditors: amounts falling due within one year	7	(7,499)	(2,999)
Total assets less current liabilities		<u>11,092,501</u>	<u>10,397,001</u>
Provisions for liabilities	8	(8,539,983)	(6,105,795)
Net assets		<u>2,552,518</u>	<u>4,291,206</u>
Capital and reserves			
Called up share capital	9	2	2
Fair value reserve	9	11,099,999	10,399,999
Profit and loss account	9	(8,547,483)	(6,108,795)
Total equity		<u>2,552,518</u>	<u>4,291,206</u>

The financial statements on pages 5 to 16 were approved by the board of directors and authorised for issue on 25 January 2017 and are signed on its behalf by:



R Tchenguiz
Director

HERBFRAME LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MAY 2016

	Share capital £	Fair value reserve £	Profit and loss account £	Total £
Balance at 1 June 2014	2	9,674,999	(6,335,733)	3,339,268
Total comprehensive income for the year	-	-	951,938	951,938
Transfer to fair value reserve of Investment property revaluation surplus in year	-	725,000	(725,000)	-
Balance at 31 May 2015	<u>2</u>	<u>10,399,999</u>	<u>(6,108,795)</u>	<u>4,291,206</u>
Total comprehensive income for the year	-	-	(1,738,688)	(1,738,688)
Transfer to fair value reserve of Investment property revaluation surplus in year	-	700,000	(700,000)	-
Balance at 31 May 2016	<u>2</u>	<u>11,099,999</u>	<u>(8,547,483)</u>	<u>2,552,518</u>

HERBFRAME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2016

1. Accounting policies

Company information

Herbframe Limited ("the Company") is a limited company domiciled and incorporated in England. The address of the Company's registered office and principal place of business is 5th Floor, Leconfield House, Curzon Street, W1J 5JA. The principal activity of the company during the year was that of property investment.

1.1 Basis of accounting

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, and under the historical cost convention modified to include investment properties at fair value.

1.2 Reduced disclosures

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash flows' – Presentation of a Statement of Cash Flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.

The financial statements of the Company are consolidated in the financial statements of Rotch Property Group Limited. The consolidated financial statements of Rotch Property Group are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

1.3 First time adoption of FRS 102

These financial statements are the first financial statements of Herbframe Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Herbframe Limited for the year ended 31 May 2015 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date.

HERBFRAME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2016

1.4 Going concern

The directors have assessed the operation of the structure and the continuation and availability of limited support being provided by Rotch Property Group Limited (see note 12), the holding company, and have determined that the company has, or can expect to have, sufficient working capital for its needs for at least the next 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate to prepare the accounts on the going concern basis.

1.5 Functional and presentational currencies

The financial statements are presented in sterling which is also the functional currency of the company.

1.6 Investment properties

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

1.7 Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the Company to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

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

HERBFRAME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2016

1.8 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities and equity

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

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

HERBFRAME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2016

1.9 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Valuation of investment properties

The key accounting estimate in preparing these financial statements relates to the carrying value of the investment property which is stated at fair value. The company uses reports provided by Chartered Surveyors employed by the group's in house management company as a basis for determining the directors' estimation of the fair value of the investment properties. However, the valuation of the company's investment property is inherently subjective, as it is made on the basis of valuation assumptions which may in future not prove to be accurate.

Deferred taxation

Deferred tax liabilities are assessed on the basis of assumptions regarding the future, the likelihood that assets will be realised and liabilities will be settled, and estimates as to the timing of those future events and as to the future tax rates that will be applicable.

2. Other operating expenses	2016	2015
	£	£
Administration expenses	4,500	3,000
	<hr/>	<hr/>
3. (Loss)/profit on ordinary activities before taxation	2016	2015
	£	£
The (loss)/profit on ordinary activities before taxation is stated after charging:		
- Auditor's remuneration	4,500	3,000
	<hr/>	<hr/>

4. Employees and directors

There were no employees during the year apart from the directors who received no emoluments.

HERBFRAME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2016

5. Taxation	2016	2015
	£	£
Current tax		
UK corporation tax	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Deferred tax in respect of fair value gain on investment property	126,000	(48,500)
Deferred tax in respect of change in tax rates	(208,000)	96,750
Total deferred tax	<u>(82,000)</u>	<u>48,250</u>
Total tax on (loss)/profit on ordinary activities	<u>(82,000)</u>	<u>48,250</u>

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK 20% (2015: 20%). The differences are explained below:

	2016	2015
	£	£
(Loss)/profit on ordinary activities before tax	(1,820,688)	1,000,188
(Loss)/profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 20% (2015: 20%).	(364,138)	200,038
Effects of:		
Non deductible expenses	503,238	(55,638)
Losses carried forward	-	600
Group relief (utilised)/surrendered	916	-
Transfer pricing	(16)	-
Effects of changes in tax rates and laws	-	-
Disallowable income – revaluation of property	(140,000)	(145,000)
Deferred tax in respect of fair value gain on investment property	126,000	(48,500)
Deferred tax in respect of change in tax rates	(208,000)	96,750
Tax (credit)/expense	<u>(82,000)</u>	<u>48,250</u>

The deferred tax asset arising on the losses carried forward of £3,000 (2014: £3,000) has not been recognised as their utilisation in the foreseeable future is considered remote.

During the period, Finance Act 2015 was enacted and included legislation to reduce the main rate of corporation tax to 19% with effect from 1 April 2017, and by a further 1%, reaching 18% with effect from 1 April 2020. As this change was substantively enacted at the balance sheet date and no material amount is expected to unwind prior to 1 April 2020, deferred tax is recognised at 18% in the current period.

6. Investment properties

	Freehold	
	Investment property	
	2016	2015
	£	£
Fair Value		
As at 1 June 2015	10,400,000	9,675,000
Revaluation	700,000	725,000
As at 31 May 2016	<u>11,100,000</u>	<u>10,400,000</u>

HERBFRAME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2016

6. Investment properties (continued)

The property was valued as at 31 May 2016 at £11,100,000 (2015: £10,400,000) by the directors based on reports provided to them by Chartered Surveyors employed by the group's in house management company.

Valuations take into account tenure, lease terms, market conditions, inflation assumptions and sales prices based upon on known market transactions for similar properties.

If investment properties were stated on a historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Investment property	
	2016	2015
	£	£
Cost	1	1

The company's investment property is subject to a charge in connection with cross-guarantees and cross collateralisations of other group companies' investment properties as security for group loans (see note 10).

7. Creditors: amounts falling due within one year

	2016	2015
	£	£
Amounts owed to group undertakings	7,499	2,999

8. Provision for liabilities

	Deferred tax	Provision for loan guarantee	Total
	£	£	£
1 June 2015	2,080,000	4,025,795	6,105,795
(Decrease)/ increase in provision in the year	(82,000)	2,516,188	2,434,188
31 May 2016	1,998,000	6,541,983	8,539,983

As set out in note 10, the company's investment property is secured against loans taken out by fellow group undertakings. As at 31 May 2016 the company's estimate of its exposure under those security arrangements amounted to £6,541,983 (2015: £4,025,795) and an increase in the provision has been made during the year.

Provision for deferred tax liabilities is recognised by the company as follows:

	2016	2015
	£	£
Assets measured at fair value	1,998,000	2,080,000

HERBFRAME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2016

9. Share capital and reserves

Share capital

	2016 £	2015 £
Allotted, issued and fully paid: 2 ordinary shares of £1 each	2	2

Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

Reserves

Reserves of the Company represent the following:

Retained earnings

Cumulative profit and loss net of distributions to owners.

Fair value reserve

Cumulative gross revaluation gains on the company's investment property.

10. Contingent liabilities

The company's investment property has been used as security against loans taken out by fellow group undertakings. The loans are secured by a fixed and floating charge over the company's investment property and by cross guarantees provided by fellow group companies and the cross-collateralisation of the properties owned by those fellow group companies. The total value of the loans subject to this arrangement as at 31 May 2016 was a liability of £101,250,806 (2015: £102,725,923). The fair value of the financial instruments also subject to this cross-collateralisation arrangement is a liability of £(20,027,633) (2015: (£20,132,623)).

The loan defaults at 31 May 2015 under the cross-collateralisation were remedied in full in April 2016.

11. Ultimate parent company and ultimate controlling party

The company's immediate holding company is Rotch Property Group Limited, which is domiciled and incorporated in England.

The parent undertaking of the smallest and largest group for which group accounts are prepared and of which the company is a member is Rotch Property Group Limited, which is registered in England. Copies of these group accounts are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The directors regard the ultimate holding company to be Sunnymist Limited a company incorporated in the British Virgin Islands.

The ultimate controlling party is the Tchenguiz Family Trust.

HERBFRAME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2016

12. Related party transactions

Rotch Property Group Limited provides management services to the company. At the balance sheet date, and included within amounts owed to group undertakings, £7,499 (2015: £2,999) was due to that company.

Rotch Property Group Limited has agreed not to demand repayment of the amount due to it should that result in the company not being able to meet its obligations in the normal course of business. Rotch Property Group Limited has also agreed to provide limited additional support to assist the company in meeting its operational costs as they arise should this be necessary.

The company is related to fellow subsidiaries of Sunnymist Limited, with whom in many cases it has directors in common.

As detailed below, the company is party to a cross-collateralisation arrangement in respect of loan facilities as at the year end being a liability of £101,250,806 (2015: £102,725,923) provided to fellow subsidiaries of Sunnymist Limited. The fair value of the financial instruments also subject to this cross-collateralisation arrangement is a liability of £20,027,633 (2015: £20,132,623).

	2016 £	2015 £
Loan facilities:		
Dalefox Limited	31,030,251	31,247,065
Timecoast Limited	44,438,199	44,704,229
Uni Lease No 1 Limited	25,782,356	26,774,629
	<u>101,250,806</u>	<u>102,725,923</u>
	2016 £	2015 £
Financial instruments:		
Dalefox Limited	12,681,566	11,961,846
Timecoast Limited	4,913,191	5,933,501
Uni Lease No 1 Limited	2,432,876	2,237,276
	<u>20,027,633</u>	<u>20,132,623</u>

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

HERBFRAME LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2016

13. First time adoption of FRS 102

Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) equity at the date of transition to FRS 102; (ii) equity at the end of the comparative period; and (iii) profit or loss for the comparative period reported under previous UK GAAP are given below.

Reconciliations of equity

	Note	1 June 2014 £	31 May 2015 £
Equity as previously reported under previous UK GAAP		5,371,018	6,371,206
Fair value gain on investment properties	A	-	-
Deferred tax on valuation of investment properties	A	(2,031,750)	(2,080,000)
Equity reported under FRS 102		<u>3,339,268</u>	<u>4,291,206</u>

Reconciliation of profit or loss

	Note	31 May 2015 £
Profit as previously reported under UK GAAP		275,188
Fair value gain on investment properties	A	725,000
Deferred tax on valuation of investment properties	A	(48,250)
Profit reported under FRS 102		<u>951,938</u>

A – During the year ended 31 May 2015, fair value gains on investment properties were recognised directly in reserves under previous UK GAAP. Under FRS 102, these fair value gains and losses are recognised in profit and loss, together with the associated deferred tax.