CYGNET
PROPERTIES AND LEISURE PLC

ANNUAL REPORT 2017

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Financial Calendar

Record date for dividend
22 September 2017

Annual General Meeting
27 September 2017

Payment of dividend
06 October 2017

"These are ideal market conditions for Cygnet to expand its portfolio"

DIRECTORS & COMPANY INFORMATION

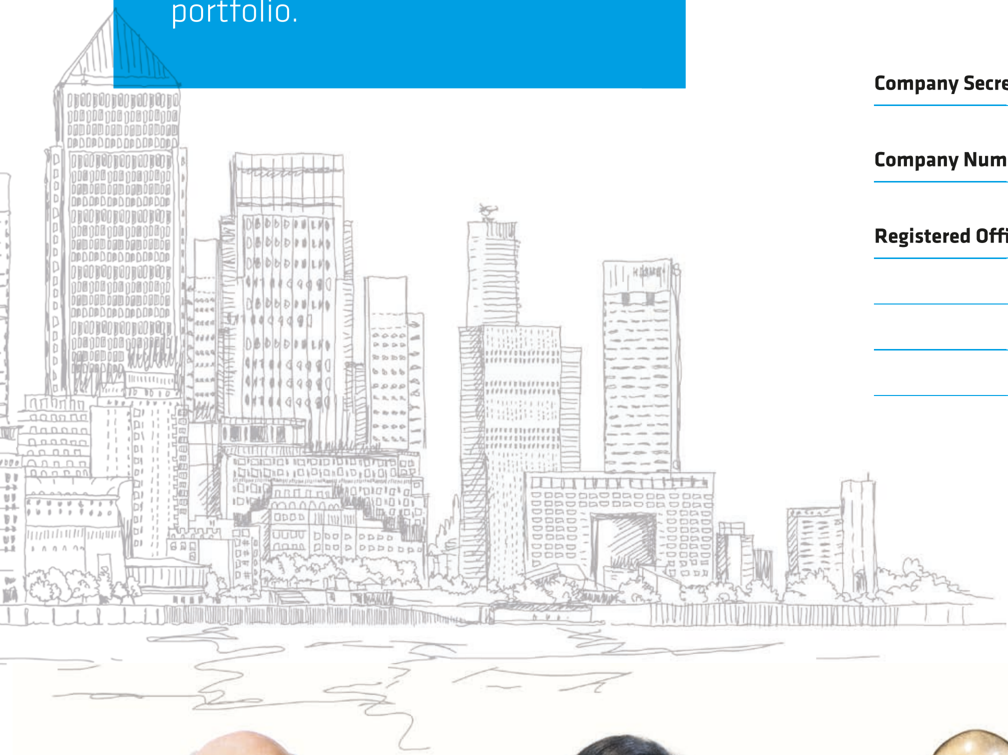
Cygnet is an opportunity driven family run commercial property business. We seek investments where our management expertise can add value and stimulate appreciation to the portfolio.

DIRECTORS

Nazmu Virani	Chairman
Rahim Virani BSc	Managing Director
Zul Virani	Director
Karim Virani BA (Law)	Legal Director
Shaila Virani BSc, BA	Director
Robert Towers ACIB	Non- executive Director
Bryce Glover LLB ACIB	Non- executive Director *

*Appointed 01 August 2017

Company Secretary	Pravin Malde BSc (Econ) FCA
Company Number	03325149
Registered Office	Crown House
	North Circular Road
	Park Royal
	London NW10 7PN



Group Auditors	UHY Hacker Young LLP
	Quadrant House
	4 Thomas More Square
	London E1W 1YW

Secondary Auditors	UHY Hacker Young (Brighton)
	168 Church Road, Hove,
	East Sussex BN3 2DL
	KLSA
	Klaco House
	28 – 31 St John's Square
	London EC1M 4DN

Solicitors	BPE
	St. James Square
	Cheltenham GL50 3PR

Principal Bankers	Punjab National Bank
	(International) Ltd
	1 Moorgate
	London EC2R 6JH
	Santander UK plc
	298 Deansgate
	Manchester M3 4HH
	Nationwide Building Society
	1 Threadneedle Street
	London EC2R 8AW
	Habibsons Bank Ltd
	9 Portman Steet
	London W1H 6 DZ

Registrars	Neville Registrars Limited
	Neville House
	18 Laurel Lane
	Halesowen
	West Midlands B63 3DA

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

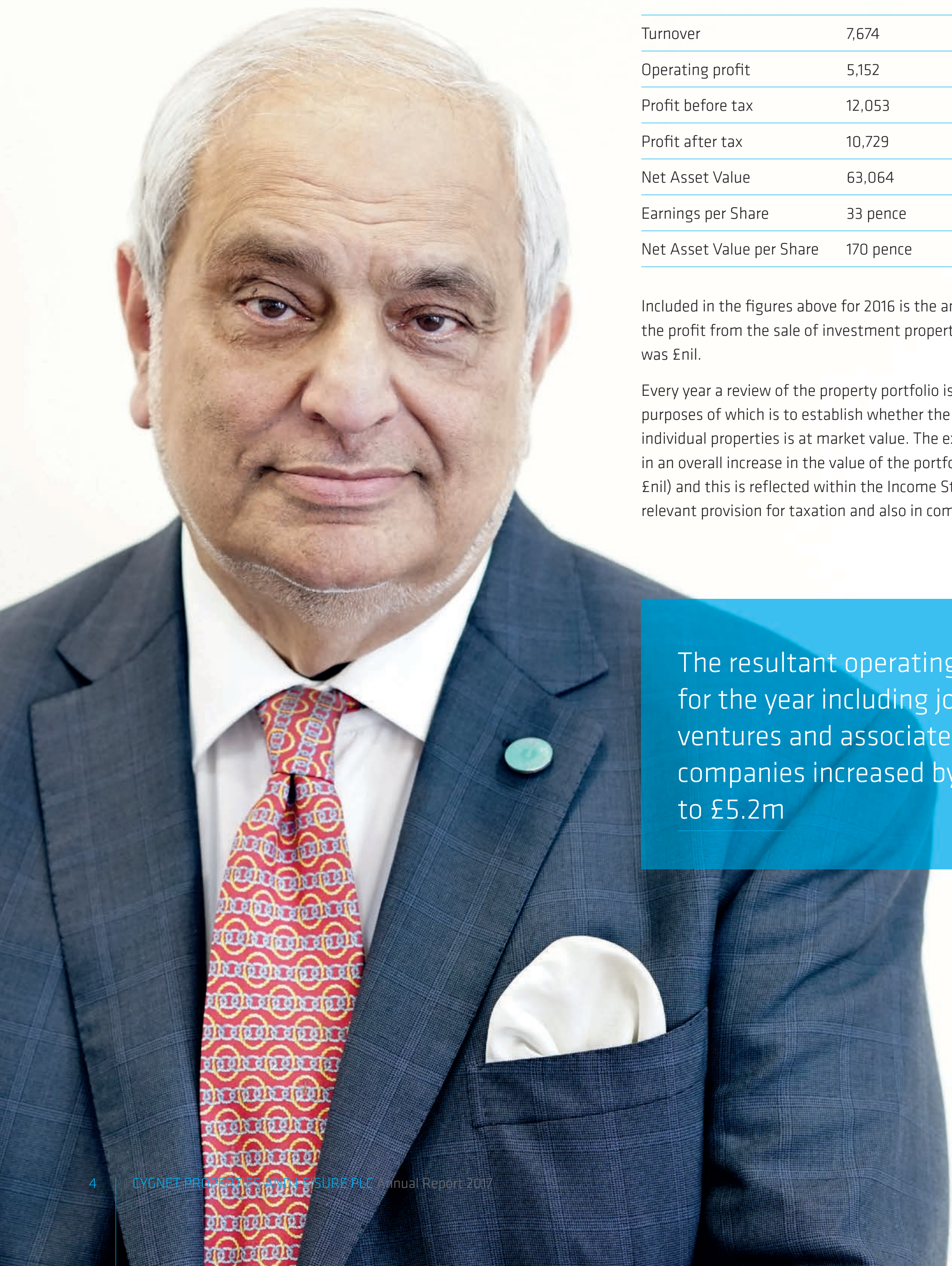
Results

I am delighted once again to be able to report that the accounts for the year ended 31 March 2017 show increases in both Operating Profit and Turnover. The headline figures and their comparatives are detailed in the table below:

	2017 £'000	2016 £'000	Increase/ decrease %
Turnover	7,674	6,258	22.6%
Operating profit	5,152	2,945	74.9%
Profit before tax	12,053	18,882	(36.2%)
Profit after tax	10,729	15,312	(29.9%)
Net Asset Value	63,064	53,100	18.7%
Earnings per Share	33 pence	27 pence	22.2%
Net Asset Value per Share	170 pence	137 pence	24.1%

Included in the figures above for 2016 is the amount of £15,854,452 being the profit from the sale of investment properties which for the current year was £nil.

Every year a review of the property portfolio is carried out, one of the purposes of which is to establish whether the carrying value of the individual properties is at market value. The exercise this year has resulted in an overall increase in the value of the portfolio by £7,400,408 (2016 £nil) and this is reflected within the Income Statement together with the relevant provision for taxation and also in comparative table above.



The resultant operating profit for the year including joint ventures and associated companies increased by 75% to £5.2m

TURNOVER FOR THE YEAR ENDED 31 MARCH 2017 INCREASED BY

23%

Property Portfolio

Within the portfolio there is a combination of business centres, retail, office and industrial and there has been enhancements across every sector. There is continued monitoring of all the properties within the portfolio to ensure maximum occupancy and rent reviews reflect the market rate so that yields are maximised.

Acquisitions

During the year the Group acquired 3 freehold properties all of which have potential for enhanced income and capital growth over the short to medium term.

The first was a 17,000 sq. ft. vacant former supermarket in the Soho district of Birmingham which is now fully let to a single tenant on a long term lease. It is expected that this location will show strong rental growth and in the future has the potential to be a development opportunity.

The second is an Aston Martin car showroom in a prominent position on the A40 in West London. This is also let to a PLC tenant on a long term lease and is set in 1/3 of an acre. With an initial yield of 5.5% there is the opportunity for this to increase on review and for possible redevelopment in line with the other adjoining buildings.

The third acquisition is a new development of 40,000 sq. ft. of offices and 5000 sq. ft. of retail in Stanmore, Middlesex. This property is split into 3 buildings and was purchased in 2 tranches. The first tranche completed in October 2016 and comprised of building 1 designed as a facility predominantly for start-up businesses and building 2 which was vacant. I am delighted to report that in the time we have owned this property we have increased the overall occupancy of the first phases to in excess of 50% let on a combination of short term licences.

The second tranche being building 3 was purchased post the year end in June 2017.

Also during the year as stated in my last year's statement the company purchased a one third interest in Halo Estates Limited. Halo owns a 50% interest in Unimix Properties Limited so post this acquisition the Group now owns 66.67% of Unimix House.

All of the above were acquired using cash from our own resources.

Funding

We continue to have very strong relationships with our existing funders and this has been cemented with a new facility with Punjab National Bank during the year and a new revolving facility post the year end with Santander that we have yet to draw on. This together with our low gearing of 35% provides an agility within the Group that could be readily harnessed for larger acquisitions.

I am also pleased to announce that during the year a new relationship was established with Habibsons Bank which resulted in a substantial facility secured against the recent acquisition at Cam Road Stratford.

I am sure these relationships will continue to be strengthened in the months and years to come.

We continue to maintain relationships with third party investors from this country and overseas which give us substantial leverage in taking advantage of opportunities as they arise.

Board Appointment

It gives me great pleasure to announce that from 1 August 2017 Mr Bryce Glover joined the Cygnet Board as a non-executive director. Bryce is a highly experienced banker who has operated at Executive and Board level in a number of UK Banks spending the majority of his 36 year career focused on Corporate and Commercial banking. Recent positions include MD, Commercial Banking at Alliance and Leicester/ Santander, before joining Nationwide Building Society in 2009 as Director, Commercial Division managing a £22bn commercial lending portfolio and then Corporate Affairs Director from 2014.

The Future

Brexit remains an unknown but thus far it does not appear to have had any material adverse effect on the commercial property market and I therefore remain confident of our ability to grow the Group both organically and by strategic acquisition. We do not foresee challenges for the UK property market brought about by the exit from Europe and accordingly we remain in a strong position to acquire the right opportunities where we can increase the income and enhance the capital value in accordance with our stringent criteria. As mentioned above, due to the continued support of both our banks and joint venture partners we are extremely well placed to take advantage of opportunities as they arise.

Finally, as always, I am very appreciative of the help and support that I have received and continue to receive from my fellow Board members, the management team and the entire staff all of which have played their part in making the company a success.

Nazmu Virani

Chairman

31 August 2017

OUR GROWTH MODEL

The Cygnet model is built on years of experience. The entrepreneurial drive and knowledge of our senior management and board members has enabled us to perfect our growth strategy.

01 Selection

The entrepreneurial approach is applied to all potential purchases which allows for every opportunity to be evaluated on its merits. The overriding criteria is whether the directors believe that there is the potential to add value in the short to medium term.

02 Income Growth and Risk Factors

Each property will have different fundamentals but common to all is the need to let vacant space as quickly as possible and to increase rents as and when the reviews fall due. A diary system is maintained to ensure that both renewals and reviews are dealt with on a timely basis. The directors also critically appraise the robustness of the income and the likely outcome in the event of market fluctuations.

03 Professional Support

To enhance the attributes of the Board and to ensure a fast and smooth transaction ensues, the Group utilizes the services of a few firms, of professionals that cover legal, valuation, accountancy and surveying. Due to the relationships that are maintained between the Company and these firms, reaction time is extremely fast thus minimising any delays and delivering an edge in competitive situations.

04 Funding

Primarily, the Group has strong cash reserves and undrawn facilities so can frequently purchase for cash and take financing later. The Group however continues to enjoy fantastic support from its range of lenders. As with our professional support reaction time is at a minimum, we work hard to develop relationships with lenders so they have understanding of the Group philosophy and are attentive to the agility needed in the current marketplace.

05 Staff

We have a small but dedicated staff who receive the requisite training where required and who are committed along with your Board to the success of the Group. They understand the drivers of the organisation and contribute to the overall performance with this in mind.

PORTFOLIO HIGHLIGHT

5
NEW PROPERTIES ADDED

Additions to our Portfolio

The company continues to reinvest profits in growing the portfolio. The new properties have a mix of income profiles, property sectors and geographic locations. The directors continue to pursue other acquisition opportunities as and when they are available at an attractive price.

621
TENANTS

Some of the latest additions to our tenant list include the Bank of Tokyo.

The broadening of the tenant base provides excellent security of long term income. The tenant diversity is a tremendous strength.

90%
OVERALL OCCUPANCY

Increase from 89% in 2016

Diligent management has allowed the company to maximise returns, in turn this has supported expansion in the portfolio.

COMPANY FUNDAMENTALS

The Cygnet portolio is widely dispersed geographically and between assets across the commercial property asset class, income is also diversified across many tenants and areas of the economy.

BOARD MEMBERS

Cygnet has strong governance with independent non-executive directors to provide impartial guidance and an external check.

The Executive Directors have a wealth of experience within commercial property and have built up a network of contacts that provide a source of potential acquisitions, many of them off-market.

The Board have a diverse range of professional capabilities including banking and finance, accountancy, management and law.

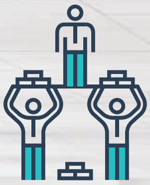
GEARING

Cygnet is risk averse and this is demonstrated by the very low gearing rate of just 35%.

Initially purchases will often be made for cash and then funded subsequently on a conservative loan to value basis. The borrower will also amortize, rather than paying interest only.

The company continues to maintain good relations with existing lenders and to develop new relationships.

The company has undrawn funding for future investments from existing relationship banks, other financial institutions and equity partners.



RELATIONSHIP MANAGEMENT

Alongside the Board of Directors there is a dedicated team that help in driving the business forward which ensures that the assets are optimized which then fuels further investment.

Our tenant base is both loyal and well established which is a result of our flexibility and promptness of response in dealing with their requirements.

The Group has excellent relations with agents who are a constant source of new tenants for the portfolio as and when required. The company and the family are extremely well respected within the marketplace which unlocks access to potential deals, funding and joint ventures.

WHAT WE DO

Our business is about taking the raw material and adding value in the short to medium term.

Identifying and Acquiring Property: Potential opportunities are sourced from a vast number of contacts plus the more traditional route of agents and auctions. Initial discussions based on a thorough market appraisal are held by an executive committee and a unanimous decision is required to proceed. Prospects for letting vacant space, refurbishment and alternate uses as well as risk factors are all taken into consideration and where deemed necessary professional advice will also be sought.

Integration: Once purchased, a property manager and an accounts manager will be assigned to look after the day to day running of the investment. A Board member will take ultimate responsibility and both the director and property manager will introduce themselves to the tenants in order to remain abreast of the SWOT analysis for the property and to maximise performance.

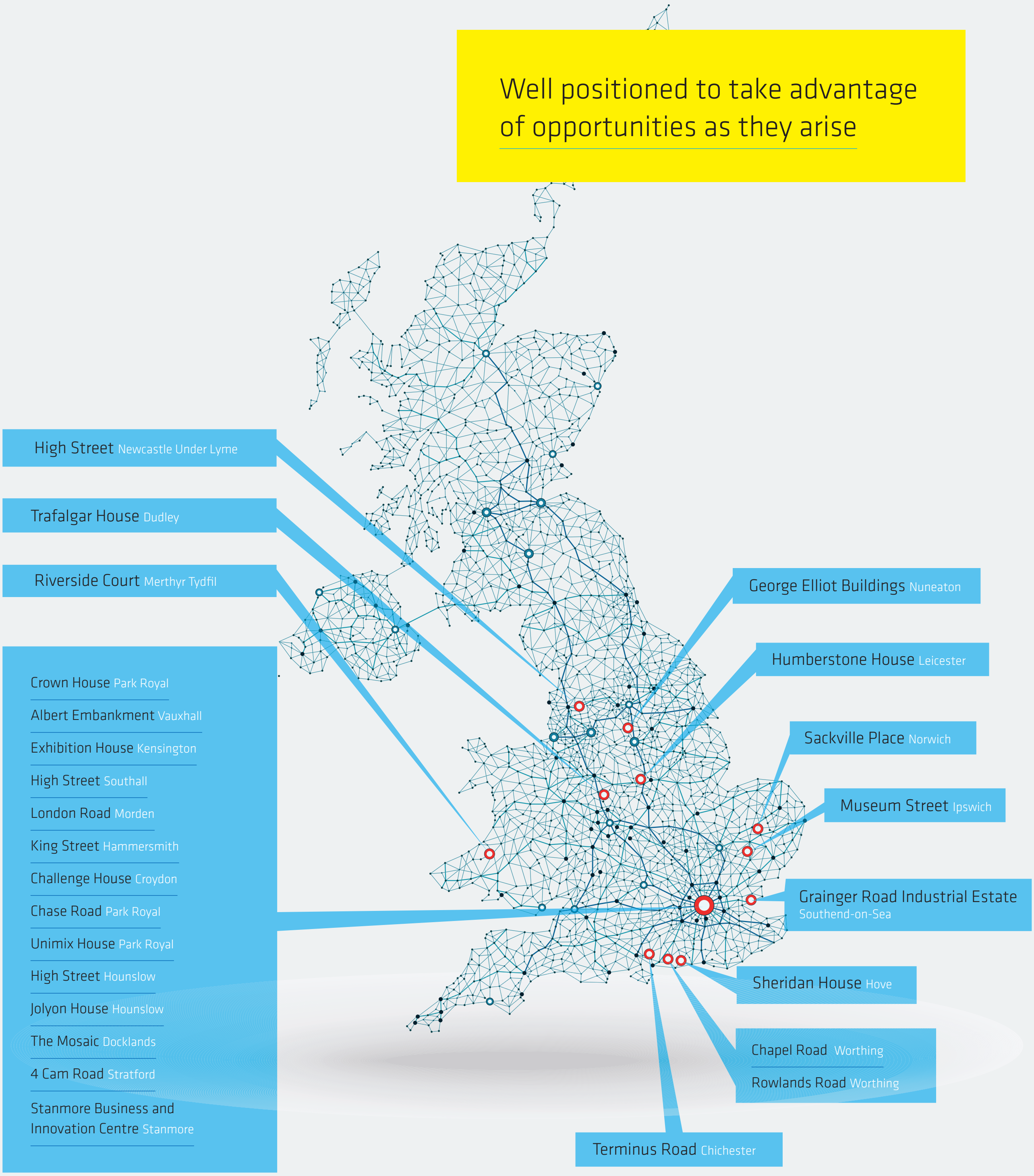
Value Add: Prior to purchase there will have been a strategy identified designed to add value to the property in the short to medium term. Immediately following completion of the purchase relevant professionals will be engaged and the plan will be implemented.

Funding: Very often the initial purchase of the property will be made using the Group's own resources to enable speed of response. Post completion, funding will be sought at the appropriate time, in order to make efficient use of funds and allow for the next purchase. The funding may come from existing or new relationships. The Group seeks longer term funding and prefers to seek debt only for mature assets in order to minimise the cost of funds.

Continued Monitoring: Management meetings take place regularly and, dependant on the asset value and its state of maturity, could even be at weekly intervals. The team discuss all aspects pertaining to the property including but not limited to new lettings, rent reviews, changes of use, costs, service delivery, the local market and any other interest for the property that may have been received.

OUR UK PROPERTY PORTFOLIO MAP

Well positioned to take advantage of opportunities as they arise



KEY STATISTICS

During the year, rental income increased by:

23%

Net asset value per share increased by 24% over the last year.

SQ. FT
730,000
AND RISING

78%
OFFICES

8%
RETAIL UNITS

14%
INDUSTRIAL

The Cygnet portfolio is widely dispersed geographically and between assets across the commercial property asset class, income is also diversified across many tenants and areas of the economy.

> "Another strong performance for the group with improved profits and capital values"

90% PORTFOLIO OCCUPANCY

Gearing Level

2017	35%
2016	28%
2015	29%

Cygnet has remarkably low gearing for the sector, only 35%. The company has sufficient resources to take up any new opportunity that presents, demonstrated by recent cash acquisitions with subsequent gearing.

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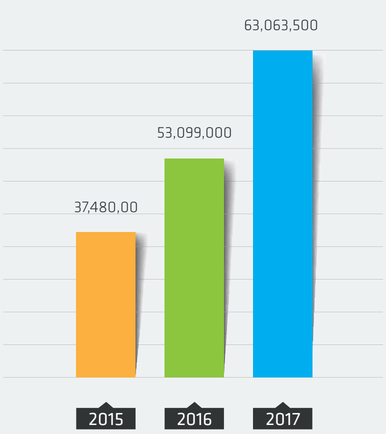
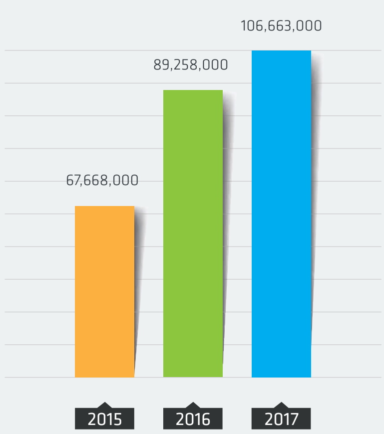
TENANTS OCCUPYING THE GROUP'S COMMERCIAL PORTFOLIO

FINANCIAL INFORMATION GRAPHS

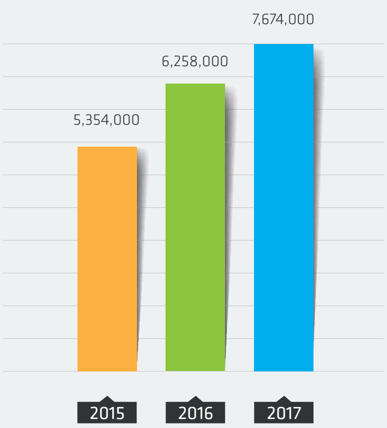
NET ASSETS (£)



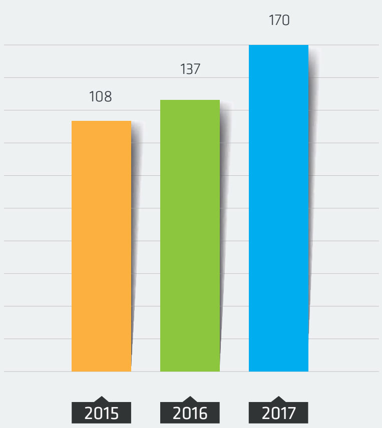
GROSS ASSETS (£)



GROSS TURNOVER (£)



NET ASSET VALUE (PENCE)



KEY FACTS

36%

of the group's bank loans have a maturity beyond five years

39

The number of properties comprising of the overall group portfolio

23%

INCREASE IN TURNOVER

170p

NET ASSET VALUE

41% of the Group's bank loans have a maturity of over 5 years

WESTERN AVE

LONDON W3

Modern luxury car dealership. Excellent covenant and long unexpired lease. The site holds redevelopment potential and is likely to present income growth

STANMORE BUSINESS & INNOVATION CENTRE

STANMORE - LONDON

45,000 sq. ft. of newly constructed multi let business centre in an affluent suburb of North London.

Bought with limited occupancy which is steadily rising

UNIMIX HOUSE

PARK ROYAL - LONDON

This 80,000 sq. ft. has a mixture of uses predominantly offices with residential on the top floor

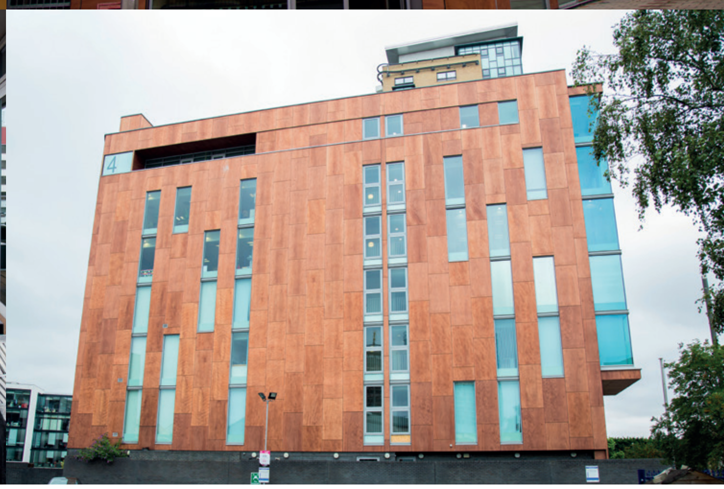
CAM ROAD

STRATFORD - LONDON

Acquired in March 2016, consistently remained at 100% occupancy. Management has been able to drive up the income and thereby raise the value.

Stratford is an area of great development, in close proximity to the City of London

Predominantly let to Bank of Tokyo Mitsubishi



STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual strategic report of the group and the company for the year ended 31 March 2017.

Principal activities

The principal activities of the group continued to be that of property acquisitions for investment and trading.

Review of the business

A review of the business and the results for the year are included within the Chairman's statement.

The key performance indicators for the group include rental income, occupancy levels, net asset value per share, earnings per share and cash flow. During the year, rental income increased by 22.63%. Net asset value per share attributable to equity owners, increased by 19% and earnings per share attributable to equity owners, increased by 22% when compared to the last year. The group had a negative cash flow of £1,861,644 during the year (2016: £7,056,314 net inflow).

Results and dividends

The group results for the year ended 31 March 2017 are shown on page 22. The directors recommend a final dividend of 0.50 pence per ordinary share (2016: 0.30 pence per share). This is subject to approval by the shareholders at the Annual General Meeting and therefore has not yet been included in these financial statements as a liability.

Group's position at year end

The directors consider that the financial position of the group and the company at the year-end was satisfactory. It is a testament to good management that in the current economic climate the group has continued to generate growth in its asset base and increase cash reserves facilitating further acquisitions.

Use of financial instruments

The group does not use any financial instruments except for the bank loans used to purchase properties. Current exposure to the banks in respect of these loans is detailed in note 14 to the financial statements. The total liability to the banks has increased by £9.1m over the past year as a result of borrowings that have been used to refinanced acquisitions originally purchased for cash. Over 36% of the group's bank loans have a maturity beyond five years.

Future developments

The group continues to refurbish and improve its existing property portfolio as space becomes vacant and suitable opportunities arise. All investments are careful and measured in the light of tenant demand and the competitive landscape, the priority from the existing portfolio is to maintain steady income. The group is poised to take advantage of opportunities, particularly where there is an undervalued asset that can benefit from the team's key strength of intensively managing vacant and dilapidated property in order to boost asset value.

The board remains mindful of the economy and the banks' stringent lending criteria, accordingly it will only proceed with new acquisitions where the right asset is available at the right price. The Board continues to explore the possibilities for a change of use at certain of the sites and we would expect there to be some appreciation in the portfolio from this exercise.

Principal risks and uncertainties

The principal risk and uncertainty facing the group is fluctuation in property values which would affect the net asset value and banking covenants. If there were a decline in our income stream this may prejudice our ability to make payments and also grow the portfolio. Asset values could be affected by constricted availability of bank finance through changes in the regulatory regime or the performance of historic loan books, by over-supply of commercial property in the sales or lettings market, as well as other factors that may exist at present or in the future, given the market conditions. Revenue may be affected by the failure of tenants, increasing bad debts or changes in market rents on account of supply and competition issues or the performance of the economy.

For the business centre assets the letting profile is typically short term arrangements of one year as this reduces a tenant's barrier to entry and will make an asset cash flow positive in the shortest possible time. Accepting a short commitment on occupancy also avoids the market requirement for a rent free period, which would otherwise be customary. Accordingly the group's tenant base has a bias towards small and medium sized enterprises and this may mean that a decline in the economy has disproportionate effect on the group's revenues.

It may also be argued that the recovery of the economy will be driven by SME businesses and that the diversification of revenue streams across many tenants and sectors is a strength. Any fall in revenue would in turn prejudice the capital value of the underlying asset. However, in order to mitigate these risks, senior management keep the buildings' occupancy and competitive market under constant scrutiny.

The holding of rent deposits, close monitoring of tenants' operations and strict credit control are mechanisms that should minimise the impact of failure by any individual tenant. A further precautionary measure is the group's frequent syndication of acquisitions giving diversified risk among a wider number of assets which is a strength of the Cygnet portfolio as compared with other companies of a similar size. The company is also thought to have lower gearing than many of its peer group. The Board maintains a risk register to monitor all aspects of the company's activities.

The group operates within strict guidelines for interest cover and gearing which are tested on a regular basis and have always remained at a safe margin from the boundary. The group monitors the risk of interest rate fluctuations closely. With interest rates at historic lows, the Board has recently increased the proportion of the loan portfolio which is fixed. The company has also sought to increase access to credit by diversifying and leveraging its relationships with lending banks and institutions. Furthermore, the group remains conservative in its appetite for debt ensuring that even in the current market there is ample equity in the portfolio to satisfy all lender covenants.

Going concern

After making appropriate enquiries and examining those areas which could give rise to financial exposure the directors are satisfied that no material or significant exposures exist and that the group has adequate resources to continue its operations for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the company's and group's financial statements. Further information on the reasons for adopting the going concern basis in preparing the financial statements is set out in note 1.1 to the financial statements.

Properties

The changes in the tangible fixed assets of the group and company and the basis of valuation of investment properties are set out in note 9 to the financial statements.

Rahim Virani

Director

31 August 2017

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

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

Directors of the company

The following directors held office during the year and up to the date of this report:

Nazmu Virani

Rahim Virani

Zul Virani

Shaila Virani

Karim Virani

Robert Towers

Bryce Glover - Appointed 1 August 2017

Directors' interests

The directors had no interests in the shares of the company or the company's subsidiary companies at 31 March 2017 or on the date on which these financial statements were signed.

There have been no changes in the interests of the directors between 31 March 2017 and the date of approval of this report.

Further details of the ordinary shares of the company are set out in note 16 to the financial statements.

Substantial shareholdings

As at 31 March 2017, the directors are aware of the following substantial interests in 3% or more of the ordinary share capital of the company:

ORDINARY SHARES OF 10P EACH		
	Number	Percentage
Virani Net Limited*	19,605,577	69.6%
Virani Net Scheme*	5,881,862	20.9%
Dame M. E. Thomas	1,000,000	3.6%

* Companies in which some of the directors have beneficial interests.

Employees

The directors are committed to maintaining a working environment where employees are individually valued and recognised. Employees receive regular supervision and have opportunities to raise concerns, share ideas and propose new policies for the business.

The directors appreciate their responsibility to encourage and assist in the engagement, training, promotion and personal career development of all employees. The group places value on the involvement of its employees and keeps them informed, not only on matters affecting them as employees, but also on various factors affecting the overall performance and future of the group. This is achieved through both formal and informal meetings as well as an open door policy should any employee have queries that they wish to discuss.

The group is an equal opportunities employer and it is the group's policy to consider applications for employment from all candidates, and to provide training, career progression and promotion as and when warranted.

Charitable donations

During the year to 31 March 2017 the group made charitable donations amounting to £40,532 (2016: £20,460).

Subsequent events

In May 2017 the company bought a piece of land in Bromley Street Lye for £110,000 and in June 2017 the Group completed the second tranche of the Stanmore Business and Innovation Centre for a total purchase cost amount of £2,676,317.

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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 group and the company and of the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently; and
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the 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 of information to the auditors

So far as all of the directors at the time of approval of this report are aware:

1. There is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the company's auditors are unaware; and
2. Having made enquiries of fellow directors and the group's auditors, each director has taken all the steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Re-appointment of auditors

In accordance with Section 485 of the Companies Act 2006, a resolution proposing that UHY Hacker Young LLP be re-appointed as auditors of the company and that the directors be authorised to fix their remuneration will be put to the next Annual General Meeting.

On behalf of the Board

Rahim Virani
Director

31 August 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CYGNET PROPERTIES AND LEISURE PLC

Opinion

We have audited the financial statements of Cygnet Properties and Leisure plc for the year ended 31 March 2017 which comprise of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and parent company statements of financial position, the consolidated and parent company statements of changes in equity, the consolidated 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).*

In our opinion, Cygnet Properties and Leisure plc's financial statements (the "financial statements"):

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out in the directors' report, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/apb/scope/private.cfm. This description forms part of our auditors' report.

This report is made solely to the company's members, as a body, in accordance with part 3 of Chapter 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.

Colin Wright (Senior Statutory Auditor)

For and on behalf of UHY Hacker Young

Chartered Accountants
Statutory Auditor

Quadrant House
4 Thomas More Square
London E1W 1YW

31 August 2017

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Group turnover	2	7,674,320	6,258,100
Other income		259,063	106,460
Property costs and administrative expenses		(3,344,328)	(2,746,008)
Group operating profit	3	4,589,055	3,618,552
Joint venture - share of profit	11	458,394	163,658
Associated companies:	10		
- share of operating profit/(loss)		104,330	(837,061)
- share of gain on disposal of investment properties		-	(52,488)
Operating profit including joint venture and associates		5,151,779	2,945,149
Fair value gains on investment properties:			
Group	9	6,757,130	-
Associates	10	643,278	-
Profit/(loss) on disposal of investment properties:			
Group		-	15,906,940
Associates		-	(52,488)
Profit on ordinary activities before interest and taxation		12,552,187	18,799,601
Interest receivable	4	359,876	673,503
Interest payable	5	(858,698)	(590,691)
Profit on ordinary activities before taxation		12,053,365	18,882,413
Tax on profit on ordinary activities	6	(1,324,295)	(3,570,393)
Profit for the financial year		10,729,070	15,312,020
Profit for the financial year attributable to:			
Non-controlling interests		1,371,379	7,752,974
Owners of the parent company		9,357,691	7,559,046
		10,729,070	15,312,020

All of the above results are derived from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	£	£
Profit for the financial year	10,729,070	15,312,020
Other comprehensive income of group	-	-
Share of other comprehensive income of associates	-	-
Total comprehensive income for the year	10,729,070	15,312,020
Total comprehensive income for the year attributable to:		
Non-controlling interests	1,371,379	7,752,974
Owners of the parent company	9,357,691	7,559,046
	10,729,070	15,312,020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Intangible assets - negative goodwill	8		249,400		(209,197)
Tangible assets	9		81,489,833		67,344,093
Investments in associated companies	10		1,021,867		1,726,137
Investment in joint ventures	11		2,555,208		1,100,167
			85,316,308		69,961,200
Current assets					
Debtors	12	11,412,952		7,497,282	
Cash at bank and in hand		9,933,521		11,799,781	
		21,346,473		19,297,063	
Creditors: amounts falling due within one year	13	(19,640,228)		(19,908,543)	
Net current assets/(liabilities)			1,706,245		(611,480)
Total assets less current liabilities			87,022,553		69,349,720
Creditors: amounts falling due after more than one year	14		(20,990,497)		(13,686,186)
Provisions for liabilities	15		(2,968,468)		(2,563,897)
Net assets			63,063,588		53,099,637
Capital and reserves					
Called up share capital	16		2,815,199		2,815,199
Share premium account	17		1,924,769		1,924,769
Revaluation reserve	17		15,529,682		9,792,025
Capital redemption reserve	17		822,831		822,831
Retained earnings	17		26,715,490		23,179,912
Equity attributable to owners of the parent company			47,807,971		38,534,736
Non-controlling interests			15,255,617		14,564,901
Total equity			63,063,588		53,099,637

The financial statements were approved by the Board on 31 August 2017 and signed on its behalf by:

Nazmu Virani - Chairman
Company Registration Number 03325149

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

		2017		2016	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		148,013		149,864
Investments in associated and subsidiary companies	10		2,677,063		1,777,760
Investment in joint ventures	11		39,990		33,718
			2,865,066		1,961,342
Current assets					
Debtors	12	27,778,914		26,839,180	
Cash at bank and in hand		5,231,417		72,769	
		33,010,331		26,911,949	
Creditors: amounts falling due within one year	13	(24,931,555)		(19,031,752)	
Net current assets			8,078,776		7,880,197
Total assets less current liabilities			10,943,842		9,841,539
Creditors: amounts falling due after more than one year	14		(276,674)		(308,790)
Provision for deferred tax	15		(1,956)		(2,349)
Net assets			10,665,212		9,530,400
Capital and reserves					
Called up share capital	16		2,815,199		2,815,199
Share premium account	17		1,924,769		1,924,769
Capital redemption reserve	17		822,831		822,831
Retained earnings	17		5,102,413		3,967,601
Shareholders' funds			10,665,212		9,530,400

The financial statements were approved by the Board on 31 August 2017 and signed on its behalf by:

Nazmu Virani - Chairman
Company Registration Number 03325149

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	SHARE CAPITAL	SHARE PREMIUM	REVALUATION RESERVE
	£	£	£
Year ended 31 March 2016			
At 1 April 2015	2,815,199	1,924,769	13,642,159
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Investment properties revaluations in year,			
reserve transfers:			
On group owned properties:			
- gain on valuation	-	-	(12,776)
- deferred tax on gain	-	-	350,000
	-	-	
- Gain on changes of shareholdings			
of subsidiary and associate			
Equity dividends	-	-	-
Dividends issued by subsidiary	-	-	-
New shares issued by subsidiary			
Transfer of revaluation reserve on disposalso of properties	-		(4,187,358)
At 31 March 2016	2,815,199	1,924,769	9,792,025

CAPITAL REDEMPTION RESERVE	RETAINED EARNINGS	SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
£	£	£	£	£
822,831	11,351,487	30,556,445	6,923,169	37,479,614
-	7,559,046	7,559,046	7,752,974	15,312,020
-	-	-	-	-
-	7,559,046	7,559,046	7,752,974	15,312,020
-		(12,776)	-	(12,776)
-	(350,000)	-	-	
-				
	516,477	516,477	1,006	517,483
	(84,456)	(84,456)	-	(84,456)
-	-		(112,500)	(112,500)
-	-		252	252
		-	-	-
-	4,187,358			-
822,831	23,179,912	38,534,736	14,564,901	53,099,637

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	SHARE CAPITAL	SHARE PREMIUM	REVALUATION RESERVE
	£	£	£
Year ended 31 March 2017			
At 1 April 2016	2,815,199	1,924,769	9,792,025
Profit for the year	-	-	-
Other comprehensive income	-	-	-
Total comprehensive income	-	-	-
Reserve transfers on investment			
properties revaluations in year:			
On group owned properties:	-	-	5,189,731
On associates' properties	-	-	558,814
Gain on changes of shareholdings			
of subsidiary and associate	-	-	-
Equity dividends	-	-	-
Transfer of revaluation reserve to	-	-	(10,888)
retained earnings	-	-	-
	-	-	
At 31 March 2017	2,815,199	1,924,769	15,529,682

CAPITAL REDEMPTION RESERVE	RETAINED EARNINGS	SHAREHOLDERS' EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
£	£	£	£	£
822,831	23,179,912	38,534,736	14,564,901	53,099,637
-	9,357,691	9,357,691	1,371,379	10,729,070
-	-			-
-	9,357,691	9,357,691	1,371,379	10,729,070
-	(5,189,731)	-	-	-
-	(558,814)	-	-	-
-	-	-	(680,663)	(680,663)
-	(84,456)	(84,456)	-	(84,456)
-	10,888	-	-	-
-	-	-	-	-
-	-	-	-	-
822,831	26,715,490	47,807,971	15,255,617	63,063,588

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	SHARE CAPITAL	SHARE PREMIUM
	£	£
At 1 April 2015	2,815,199	1,924,769
Profit for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Equity dividends	-	-
At 31 March 2016	2,815,199	1,924,769
At 1 April 2016	2,815,199	1,924,769
Profit for the year	2,815,199	1,924,769
Other comprehensive income	-	-
Total comprehensive income	-	-
Equity dividends		
At 31 March 2017	2,815,199	1,924,769

REVALUATION RESERVE	CAPITAL REDEMPTION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
£	£	£	£
	822,831	2,815,704	8,378,503
-	-	1,236,353	1,236,353
-	-	-	-
-	-	1,236,353	1,236,353
		(84,456)	(84,456)
-	822,831	3,967,601	9,530,400
	822,831	3,967,601	9,530,400
	-	1,219,268	1,219,268
-	-	-	
-	-	1,219,268	1,219,268
		(84,456)	(84,456)
-	822,831	5,102,413	10,665,212

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

		2017	2016
	Notes	£	£
Net cash (outflow)/inflow from operating activities	18	(2,504,593)	14,449,706
Cash flows from investing activities			
Purchase and refurbishment of properties		(7,393,008)	(26,388,504)
Purchase of other tangible fixed assets		-	(1,961)
Proceeds on disposals of properties		-	30,058,019
Interest received		359,353	668,553
Net cash (used in) / from investing activities		(7,033,655)	4,336,107
Cash flows from financing activities			
Receipt of bank loans (net)		9,089,535	1,137,168
Loans (granted)/received from associates and joint ventures (net)		(930,338)	2,576,172
Issue of loans to related parties (net of repayments)		379,920	(14,443,587)
Repayment of other loans		-	(296,963)
Interest paid		(796,343)	(505,333)
Dividends paid		(66,170)	(84,456)
Dividends paid to non-controlling interests		-	(112,500)
Net cash from / (used in) financing activities		7,676,604	(11,729,499)
(Decrease)/increase in cash and cash equivalents	19	(1,861,644)	7,056,314
Cash and cash equivalents at beginning of year		11,795,165	4,738,851
Cash and cash equivalents at end of year		9,933,521	11,795,165

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

Cygnet Properties & Leisure Pie is a Public Limited Liability Company Incorporated In England.The Registered Office Is Crown House, North Circular Road, Park Royal, London NW10 7PN

1. Accounting policies

1.1 Basis of preparation and going concern

The significant accounting policies which have been consistently applied in preparing the financial statements are as follows:

Basis of accounting

The group's financial statements have been prepared in compliance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), as it applies to the financial statements of the group for the year ended 31 March 2017.

The financial statements have also been prepared in accordance with the Companies Act 2006 and under the historical cost basis, except for the modification to the fair value basis for the revaluation of investment properties as required by FRS 102.

Going concern

The company and group are financed partly by equity and partly by way of banking facilities. The group is therefore dependent upon its bankers and shareholders for continuing financial support. At 31 March 2017, the group's current assets exceeded its current liabilities by £1.7 million.

In accordance with their responsibilities, the directors have considered the appropriateness of the going concern basis for the preparation of the financial statements. For this purpose, they have prepared projected cash flow information for the current financial year and part of the following financial year, covering the period to September 2018, being approximately 13 months from the date of approval of these financial statements.

In addition, the directors are not aware of any likely events, conditions or business risks beyond this period that may cast significant doubt on the group's ability to continue as a going concern. They have also considered the market values of the group's properties, the financial support of its bankers and the continuation of available banking facilities in the current economic climate. On the basis of this, the directors have reasonable expectations that the group has adequate resources to continue in operational existence for the foreseeable future and are satisfied. For this reason, they continue to adopt the going concern basis in preparing these financial statements.

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary companies and have been prepared by using the principles of acquisition accounting. The results of any subsidiaries acquired during the year are included in the consolidated income statement from the date of their acquisition. Intragroup sales, profits and balances are eliminated fully on consolidation.

1.3 Joint ventures

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method.

1.4 Associated companies

Companies, other than subsidiary companies or joint ventures, in which the group has a participating interest and over which it exerts significant influence but does not control, are treated as associated companies.

In the group financial statements, associated companies are accounted for using the equity method. In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

1.5 Goodwill

Goodwill is the difference between the amount paid on the acquisition of a subsidiary and the aggregate fair value of its separable net assets. Goodwill is capitalised as an intangible fixed asset and is amortised in equal annual instalments over its estimated useful economic life. A further charge is made for any impairment in the value of goodwill. If a subsidiary undertaking is subsequently sold, any goodwill arising on acquisition that has not been amortised through the income statement is taken into account in determining the profit or loss on sale.

1.6 Turnover and profit recognition

Turnover represents amounts receivable from gross rents charged to tenants and the invoice value of other goods and services supplied, net of value added tax. Rental income is recognised once space is provided to tenants.

1.7 Tangible fixed assets and depreciation

Investment properties

Certain of the group's properties are held for long-term investment. Investment properties are accounted for as follows:

- Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.

- Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the consolidated income statement and accumulated in the revaluation reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in retained earnings for the year.

Purchases and sales of properties are accounted for on completion of contracts.

The group uses a mix of independent valuation specialists and in-house specialist to determine fair values at each year end. The key assumptions used to determine the fair values of investment properties are further explained in note 9.

Depreciation is provided only on those investment properties that are leasehold and where the unexpired lease term is less than 20 years. Although this accounting policy is in accordance with the applicable standard, FRS 102, it is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors, compliance with the standard is necessary for the financial information to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount in respect of this which might otherwise have been shown cannot be separately identified or quantified.

Other tangible fixed assets

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided on the reducing balance basis at rates calculated to write off the cost less estimated residual value of easch asset over its expected useful life, as follows:

Plant and machinery	25%
Fixtures & fittings	25%
Motor vehicles	25%

1.8 Refurbishment expenditure

Refurbishment expenditure in respect of major works is capitalised. Interest and other directly attributable costs incurred during the period of refurbishment are capitalised until the property is substantially ready for letting. Maintenance and refurbishment expenditure of a revenue nature is written off to the profit and loss account as incurred.

1.9 Impairment of value

The group undertakes a review for impairment of a fixed asset if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is a higher of net realisable value and value in use, the fixed asset is written down to its recoverable amount. The value in use is determined from estimated discounted future net cash flows.

1.10 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are only recognised when that asset is regarded as recoverable. Provision is made for deferred tax on surpluses recognised on revaluing investment properties to their fair values.

1.11 Foreign currencies

The financial statements are presented in the currency of the primary economic environment in which the group operates (its 'functional currency'). The functional and presentational currency of the company and the group is Pounds Sterling (£). Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the year end date and the gains or losses on translation are included in the income statement.

1.12 Fixed asset investments

The company's fixed asset investments in subsidiary and associated companies are stated at cost less any provisions for impairments.

1.13 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

1.14 Loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the bank (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

1.15 Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

1.16 Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The key area where assumptions and estimates are significant is:

Investment properties

Investment properties are valued annually at fair value. Fair value is ascertained through review of a number of factors and information flows, including market knowledge, recent market movements, recent sales of similar properties, historical experience and rent levels and flows of cash for the respective investment property. There is an inevitable degree of judgement involved and value can be only reliably tested ultimately in the market itself. Given the property market knowledge and expertise of the directors and within the group, valuations are carried out by a mixture of external independent valuers and internal specialists.

2. Turnover

The total group turnover for the year has been derived in the United Kingdom from the principal activities of property investment and lettings.

3. Group operating profit

	2017	2016
	£	£
Group operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 9)	4,398	6,987
Amortisation of goodwill - net credit (note 8)	13,429	(33,571)
Auditors' remuneration - group audit fees	80,476	57,500
- non-audit services	17,000	17,500

The group audit fees consists of £72,276 (2016: £47,500) payable to the parent company auditors and £8,200 (2016: £10,000) payable to another firm of auditors who audit some of the company's subsidiaries. Non-audit services relate entirely to tax and non-audit accounting services.

The changes in fair values of investment properties are shown in the consolidated income statement after operating profit.

4. Interest receivable

	2017	2016
	£	£
Company and subsidiaries:		
- bank interest received	61,496	54,277
Associated companies:	-	-
- share of bank interest received (note 10)	523	4,950
- interest from related party	141,548	21,651
Other interest	156,309	592,625
	359,876	673,503

5. Interest payable

	2017	2016
	£	£
Company and subsidiaries:		
On bank overdrafts	763	1,211
On bank loans	726,242	509,876
On overdue tax	69,338	2,069
	796,343	513,156
Associated companies - share of bank loan interest (note 10)	62,355	77,535
	858,698	590,691

6. Taxation

	2017	2016
	£	£
The tax charge comprises:		
Current year taxation		
UK corporation tax on profits for the year	813,993	4,718,278
Adjustments for previous periods	(69,934)	(48,320)
	744,059	4,669,958
Share of joint venture's tax (overseas tax) (note 11)	46,106	78,889
Share of associated companies' corporation tax charge (note 10)	129,094	(383,030)
Total current tax charge	919,259	4,365,817
Deferred tax		
Deferred tax charge/(credit) – group (note 15)	405,036	(795,424)
Tax charge on profit on ordinary activities	1,324,295	3,570,393

THE TAX CHARGE FOR THE YEAR IS RECONCILED AS FOLLOWS:	2017	2016
	£	£
Profit on ordinary activities before tax	12,053,365	18,882,413
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%)	2,410,673	3,776,482
Effects of:		
Income not taxable	(1,469,909)	(3,114,225)
Expenses not deductible for tax purposes	10,198	202
Rate differences, sundries and adjustments	(22,928)	240,897
Deferred tax adjustment	466,195	10,593
Adjustments to tax charge in respect of previous periods	(69,934)	(55,215)
Chargeable disposals	-	3,193,453
	-	-
	-	-
Total current tax charge	1,324,295	3,570,393

7. Profit attributable to members of the parent company

As permitted by Section 408 of the Companies Act 2006, the parent company has not presented its own income statement. The profit on ordinary activities after taxation included in the financial statements of the parent company for the year ended 31 March 2017 is £1,219,268 (2016: £1,236,353).

8. Intangible fixed assets

GROUP	NEGATIVE GOODWILL	POSITIVE GOODWILL	TOTAL
	£	£	
Cost			
At 1 April 2016	(335,714)	51,371	(284,343)
Additions	-	472,025	472,025
At 31 March 2017	(335,714)	523,396	187,682
Amortisation and impairment			
At 1 April 2016	126,517	(51,371)	75,146
Amortisation credit/(charge)	33,571	(47,000)	(13,429)
At 31 March 2017	160,089	(98,371)	61,717
Net book value			
At 31 March 2017	(175,625)	425,025	249,400
At 31 March 2016	(209,197)	-	(209,197)

Negative goodwill arose in prior years from the dilution of minority interests on the acquisition of a further 10% interest in Spyce Properties Limited and the acquisition of the remaining 66.6% of share capital in Mayfield Estates Limited and the acquisition of the remaining 50% of Alankar Properties Limited which was a 50% associate of the group and both subsequently became 100% subsidiaries.

Positive goodwill increased in the year from the acquisition of a one third interest in the Halo Estates Limited, which owns 50% of Unimix Properties Limited.

Positive goodwill has been amortised and negative goodwill is being released to the income statement over the directors' estimate of the useful economic lives of 10 years.

9. Tangible fixed assets

GROUP	INVESTMENT PROPERTIES	PLANT AND MACHINERY	FIXTURES & FITTINGS	TOTAL
	£	£	£	£
Cost or valuation				
At 1 April 2016	67,326,499	26,889	310,870	67,664,258
Additions	7,393,008	-	-	7,393,008
Revaluations	6,757,130	-	-	6,757,130
At 31 March 2017	81,476,637	26,889	310,870	81,814,396
Depreciation				
At 1 April 2016	-	26,652	293,513	320,165
Charge for the year	-	59	4,339	4,398
At 31 March 2017	-	26,711	297,852	324,563
Net book values				
At 31 March 2017	81,476,637	178	13,018	81,489,833
At 31 March 2016	67,326,499	237	17,356	67,344,093

The group purchased 3 investment properties during the year ended 31 March 2017, at a cost of £7,292,336 million. The remaining additions in the year relate to capitalised improvements on existing group investment properties. The group owned 21 freehold investment properties (2016: 19) and 3 leasehold investment properties (2016: 2) at 31 March 2017.

The historical cost of investment properties held at fair values was £61,080,358 at 31 March 2017.

The total amount of loan interest and directly attributable overhead expenditure capitalised in the investment properties' costs to date is £647,251 (2016: £647,251) and £299,361 (2016: £299,361) respectively. No interest or overhead expenditure has been capitalised during the current year..

The investment properties are valued on an open market basis as at 31 March 2017 by a mixture of external independent valuers and by internal specialists. The external independent valuers hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment properties valued. The internal valuations have been made after taking into account external valuations which were carried out by an independent professional valuer for some of the group's properties during the year.

Accordingly, in the directors' opinion, the carrying values of the group's properties as at 31 March 2017 which are based on the directors'/internal valuations are not significantly different from the open market fair values of those properties as at that date.

During the year ended 31 March 2017, there were a number of gains on the revaluation of the group's investment properties. This is shown on the consolidated income statement in accordance with FRS 102. In the year, the net gain of £6,352,094 comprised a gross revaluation gain of £6,757,130 less a deferred tax provision of £405,036.

9. Tangible fixed assets (continued)

COMPANY	FREEHOLD INVESTMENT PROPERTIES	FIXTURES & FITTINGS	TOTAL
	£	£	£
Cost			
At 1 April 2016	142,460	77,882	220,342
Additions	-	-	-
At 31 March 2017	142,460	77,882	220,342
Depreciation			
At 1 April 2016	-	70,478	70,478
Charge for the year	-	1,851	1,851
At 31 March 2017	-	72,329	72,329
Net book values			
At 31 March 2017	142,460	5,553	148,013
At 31 March 2016	142,460	7,404	149,864

No fixed assets were held under finance leases or hire purchase contracts by the group or the company.

10. Fixed asset investments

The group's investments in associated companies at 31 March 2017 were as follows:

GROUP	ASSOCIATED COMPANIES
	£
Shares	
At 1 April 2016	4,556
Disposals	(3,359)
At 31 March 2017	1,197
Share of retained profits	
At 1 April 2016	1,710,692
Net share of (losses)/profits for the year (see below)	(86,596)
Share of fair value gain on investment properties in the year	643,278
Gain on share buy-back	13,919
Dividend distribution from associated company	(1,260,623)
At 31 March 2017	1,020,670
Share of revaluation of associated companies' properties	
At 1 April 2016	10,889
Transfer of revaluation reserve to retained earnings	(10,889)
	-
At 31 March 2017	-
Net book values	
At 31 March 2017	1,021,867
At 31 March 2016	1,726,137

During the year ended 31 March 2017, there were revaluations of the associated companies' investment properties with resulting fair value gains of £643,278 (2016: £Nil). This is shown on the consolidated income statement in accordance with FRS 102.

10. Fixed asset investments (continued)

The company's investments in subsidiary and associated companies at 31 March 2017 were as follows:

COMPANY	ASSOCIATED COMPANIES	SUBSIDIARY COMPANIES	TOTAL
	£	£	£
Shares			
1 April 2016	4,556	1,773,204	1,777,760
Additions	-	899,637	899,637
Disposals	(334)	-	(334)
At 31 March 2017	4,222	2,672,841	2,677,063
Net book values			
At 31 March 2017	**4,222**	2,672,841	2,677,063
At 31 March 2016	4,556	1,773,204	1,777,760

10. Fixed asset investments (continued)

The company's subsidiary and associated companies as at 31 March 2017 were as follows:

SUBSIDIARY COMPANIES	PRINCIPAL ACTIVITY	% SHARE CAPITAL HELD
Main Developments Limited	Property investment	100%
Dartbank Limited	Property investment	100%
Crownprize (Brentford) Limited	Dormant	100%
New Enterprise Limited	Property investment	100%
Brooktone Limited	Dormant	100%
Zone Estates Limited	Property investment	100%
Steelgate Limited	Dormant	100%
Acre Homes Limited	Property investment	100%
Mayfield Estates Limited	Property investment	100%
C & A Engineering Limited	Property investment	100%
Sunnyvale Properties Limited	Dormant	100%
Avonvale Properties Limited	Dormant	100%
Alankar Properties Limited	Property investment	100%
Ipswich Properties Limited	Property investment	100%
Parkview Basingstoke Properties Ltd	Property management	100%
Dynamo Estates Ltd	Property investment	100%
Mosaic Docklands Ltd	Property investment	100%
Aerial Properties Limited	Property investment	50%
Mountsky Limited	Property investment	100%
Dreamview Limited	Property investment	100%
Fairmount Ventures Limited	Sub-holding company	100%
Fire Properties Limited	Property investment	50%
Goldark Limited	Sub-holding company	91.2%
Starling Homes Limited	Property investment	84.5%
Unimix Properties Limited	Property investment	66.67%
Willowland Limited	Property investment	50%
Spyce Properties Limited	Property investment	40%
Somervale Limited	Property investment	50%
Fairmount Partnerships	Property investment	60%
Glory Properties Limited	Property investment	50%
Skyfall Estates Limited	Property investment	100%
Stanmore Place Commercial Limited	Property investment	50%
Halo Estates Limited	Sub-holding company	33.3%
London LED Lights Limited	Dormant	100%
Braveheart Properties Limited	Dormant	100%
Goldacre Limited	Dormant	100%
Manorvale Estates Limited	Dormant	100%
Helmside Limited	Dormant	100%

ASSOCIATED COMPANIES	PRINCIPAL ACTIVITY	% SHARE CAPITAL HELD
Wise Developments Limited	Property investment	25.0%
Secured Properties Limited	Property investment	50.0%
Morden Properties Limited	Property investment	22.0%
Cygnet Properties & Leisure (Europe) Limited	Property investment	25.0%
Hounslow Real Estates Limited	Property investment	25.0%

*Indirectly held

All of the above companies were incorporated in England except for Dartbank Limited which was incorporated in the Isle of Man and registered at the Registrar of Companies in England and Wales as an overseas branch.

10. Fixed asset investments (continued)

Spyce Properties Limited, Unimix Properties Limited, Willowland Limited, Fire Properties Limited, Aerial Properties Limited, Starling Homes Limited, Stanmore Place Commercial Limited, Halo Estates Limited, Glory Properties Limited and Somervale Limited have been treated as subsidiaries on the grounds that Cygnet controls the financial and operating policies of these companies with a view to gaining economic benefits from its activities.

Fairmount Partnerships is equity accounted as a joint venture (note 11) within the accounts of Fairmount Ventures Limited.

The group's share of the net assets of the six associated companies as at 31 March 2017 are shown under investments in the consolidated statement of financial position, and comprised:

	£	£
Share of assets:		
Share of fixed assets	3,744,811	
Share of current assets	388,560	
		4,133,371
Share of liabilities:		
Due within one year	(2,064,118)	
Due after more than one year	(776,921)	
Provisions for liabilities	(270,470)	
		(3,111,509)
Share of net assets representing the group's carrying value of investments in associated companies (see above)	-	1,021,862

The group's share of the results of the seven associated companies for the year ended 31 March 2017 were as follows:

	£
Share of turnover	436,200
Share of operating profits	104,330
Share of gain on revaluation of investment properties	643,278
Share of interest receivable (note 4)	523
Share of interest payable (note 5)	(62,355)
Share of current and deferred taxation (note 6)	(129,094)
Share of profits for the year	556,682

11. Investments in joint ventures

The group's investments in joint ventures at 31 March 2017 were as follows. The group's share of net profits and net assets of the Uganda joint venture as at 31 March 2017 are shown under investment in joint venture in the consolidated statement of financial position and comprise:

GROUP	2017 £	2016 £
Uganda (note i)	1,518,727	1,100,167
Fairmount Partnerships (note ii)	1,036,481	-
	2,555,208	1,100,167

COMPANY	2017 £	2016 £
Uganda (note i)	39,990	33,718

(i) Uganda The company has a 50% interest in a property with Nadims Limited, a company registered in Uganda and connected with the shareholders of the company. The property is known as Nakivubo Mall and it is situated at 34-38 Nakivubo Road, Kampala, Uganda. The interest in the property is held by a contractual arrangement through a memorandum of understanding agreed between the company and Nadims Limited. Under the contractual arrangement the investors together control the activities of the property which is a separate business in its own right.

	GROUP £	COMPANY £
At 1 April 2016	1,100,167	33,718
Share of profit for the year (see below)	387,179	-
Exchange differences	31,381	6,272
At 31 March 2017	1,518,727	39,990

	£
Share of turnover	708,802
Share of net profit:	
Share of operating profit	433,285
Share of taxation (note 6) - current year	(46,106)
	387,179
Share of net assets:	
Share of net assets/(liabilities)	1,518,727

(ii) Fairmount Partnership The company's subsidiary, Fairmount Ventures Limited, has a 60% interest of a jointly controlled asset in Fairmount Partnership. The share of the results of Fairmount Partnership are equity accounted in the accounts of Fairmount Ventures Limited with an operating profit of £528,931, fair value gain on properties of £1,971,178, finance costs of £280,347, resulting in a share of net profits of £2,219,762.

12. Debtors

	2017 GROUP	2016 GROUP	2017 COMPANY	2016 COMPANY
	£	£	£	£
Trade debtors	824,423	1,062,374	10,970	5,670
Other debtors	4,202,272	289,822	3,698,095	18,597
Amounts due from subsidiaries	-	-	22,773,159	25,523,021
Amounts due from associated companies	1,242,134	1,236,734	1,242,134	1,236,734
Prepayments	119,454	166,803	54,556	55,158
Deferred tax asset	-	**465**	-	-
Amounts due from related parties	5,024,669	4,737,197		
Corporation tax	-	3,887		
	11,412,952	7,497,282	27,778,914	26,839,180

Trade debtors are stated after provisions for impairment of £Nil (2016: £Nil).

Amounts owed by group undertakings are interest free, are unsecured and have no fixed terms of repayment.

Amounts due from related parties at 31 March 2017 are mainly due from Bridgestone Limited. These related party debtors are unsecured and have no fixed terms of repayment and carry interest of 3% per annum.

13. Creditors: amounts falling due within one year

	2017 GROUP	2016 GROUP	2017 COMPANY	2016 COMPANY
	£	£	£	£
Bank loans (note 14)	2,907,808	1,122,582	32,223	31,527
Bank overdraft	-	4,616	-	-
Trade creditors	2,077,889	1,894,923	75,037	14,100
Other creditors	3,453,261	2,956,557	717,654	839,918
Other taxes and social security costs	251,477	226,774	1,374	208
Corporation tax payable	3,416,707	4,740,270	1,300	99,811
Amounts due to subsidiary companies	-	-	22,519,471	16,351,323
Amounts due to associated companies	675	1,261,298	675	1,261,298
Accruals and deferred income	2,754,128	3,321,446	93,056	98,114
Dividends payable	18,286	-	18,286	10,784
Amounts owed to related parties	4,759,997	4,380,077	1,472,479	324,669
	19,640,228	19,908,543	24,931,555	19,031,752

Amounts owed to related parties at 31 March 2017 include £1,129,587 (2016: £114,623) due to Virani Net Scheme and £14,556 (2016: £23,247) due to Virani Net Limited and £224,975 (2016: £224,975) due to Mr. Nadim Virani, £626,792 due to Mrs Y Virani (2016: £57,490), £697,745 due to Mrs A Virani (2016: £131,132), £1,757,093 due to Mrs Y Virani and Mrs A Virani (2016: £1,484,577), £224,975 due to Mr P Karia (2016: £224,975) and £nil due to Halo Estates Limited (2016: £1,861,606). These related party loans are interest free, are unsecured and have no fixed terms of repayment.

14. Creditors: amounts falling due after more than one year

	2017 GROUP	2016 GROUP	2017 COMPANY	2016 COMPANY
	£	£	£	£
Bank loans (note below)	20,990,497	13,686,186	276,674	308,790
Bank loans maturity analysis				
Repayable within one year	2,907,808	1,122,582	32,223	31,527
Repayable between one and five years	12,366,544	13,508,613	133,535	131,217
Repayable after five years	8,623,953	177,573	143,139	177,573
Total loan debt	23,898,305	14,808,768	308,897	340,317
Included in current liabilities (note 13)	(2,907,808)	(1,122,582)	(32,223)	(31,527)
Amounts falling due after more than one year	20,990,497	13,686,186	276,674	308,790

The bank loans are secured by legal charges over the group's investment properties and bear interest at 1.1% to 5% over LIBOR.

15. Provision for deferred tax

	2017 GROUP	2016 GROUP	2017 COMPANY	2016 COMPANY
	£	£	£	£
Amount provided:				
- on accelerated capital allowances	521,838	424,996	1,956	2,348
- on revaluation of properties	2,446,630	2,138,901	-	-
Full provided liability	2,968,468	2,563,897	1,956	2,348
The movement of the provision for the year is as follows:				
At 1 April 2016	2,563,897	3,346,645	2,349	2,990
Income statement (note 6)	405,036	(795,424)	(393)	(641)
Other movements	(465)	12,676	-	-
At 31 March 2017	2,968,468	2,563,897	1,956	2,349

16. Share capital

GROUP AND COMPANY	2017 £	2016 £
Allotted, called-up and fully paid		
28,151,991 ordinary shares of 1 0p each	2,815,199	2,815,199

17. Reserves and dividends

Reserves

The group has the following reserves, the movements of which in the current and prior years are shown in the statements of changes in equity:

Called-up share capital

Called-up share capital represents the nominal value of shares that have been issued. All shares are of the same class and have the same rights.

Share premium account

Share premium records the amount above the nominal value received for shares issued, less transaction costs.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Revaluation reserve (non-distributable)

The revaluation reserve is used to record changes in the fair value of investment properties, net of deferred tax provisions on revaluation gains, recognised for the current and previous reporting periods..

Retained earnings

The retained earnings represent all current and prior period retained profits and losses.

Dividends

A final dividend will be proposed for approval by shareholders at the forthcoming AGM. As the final dividend has not yet been approved by shareholders is it not included in the financial statements as a liability and it will be accounted for as an appropriation of retained earnings in the year ending 31 March 2018.

18. Reconciliation of operating profit to net cash flow from operating activities

	2017	2015
	£	£
Group operating profit	4,589,055	3,618,552
Depreciation charges	4,398	6,988
Amortisation charge / (credit) net	13,429	(33,570)
Increase in debtors	(3,913,756)	(3,157,811)
(Decrease)/increase in creditors	(1,130,096)	14,712,932
Corporation tax paid	(2,067,623)	(697,385)
Net cash (outflow)/inflow from operating activities	(2,504,593)	14,449,706

19. Analysis of changes in net debt

	1 APRIL 2016	CASH FLOWS	31 MARCH 2017
	£	£	£
Cash:	-	-	-
Cash at bank and in hand	11,799,781	(1,866,260)	9,933,521
Debt:			
Bank overdraft	(4,616)	(4,616)	-
Bank loans (note 14)	(14,808,768)	(9,089,535)	(23,898,303)
Loans due to related parties (note 13)	(4,380,077)	(379,920)	(4,759,997)
	(19,193,461)	(9,464,839)	(28,658,300)
Total net debt	(7,393,680)	(11,331,099)	(18,724,779)

20. Employees

	2017	2016
	£	£
Wages and salaries	690,370	532,275
Social security costs	84,245	41,081
Pension contributions	1,231	-
	775,846	573,356

The average monthly number of employees (excluding directors) during the year was 36 (2016: 32)

21. Directors' emoluments

	2017	2016
	£	£
Emoluments for qualifying services - salary and fees	84,232	86,115

In addition to the emoluments shown above, the group paid £275,000 (2016: £175,000) to Virani Net Limited (a shareholder of the company) for the services of the remaining directors. Of this balance £275,000 remains in accruals (2016: £175,000). Included within the group balance is £50,000 (2016: £50,000) paid to Virani Net Limited by the company.

22.Financial assets and liabilities

	2017 GROUP	2016 GROUP	2017 COMPANY	2016 COMPANY
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised costs	21,227,019	12,557,544	39,524,139	26,856,791
Carrying amount of financial liabilities				
Measured amortised costs	36,962,538	28,627,685	25,205,555	19,240,524

23. Capital commitments

At 31 March 2017 the group was committed to £2,534,986 (2016: £Nil) for property acquisitions after the year end. At 31 March 2017, the group was committed to £45,000 (2016: £41,200) for property refurbishments after the year end.

24. Related party transactions

Total remuneration of key management during the year was £84,232 (2016 - £86,115)

The company is exempt from disclosing related party transactions with other companies that are wholly owned within the group.

25. Ultimate controlling party

The company and group are controlled by some members of the Virani family, some of whom are directors of the company, through their shareholdings in Virani Net Limited and Virani Net Scheme.

26. Subsequent events

In May 2017 the company bought a piece of land in Bromley Street Lye for £110,000 and in June 2017 the Group completed the second tranche of the Stanmore Business and Innovation Centre for a total purchase cost amount of £2,676,317.

CYGNET PROPERTIES & LEISURE PLC (THE COMPANY)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2017 Annual General Meeting of the company will be held at Crown House, North Circular Road, Park Royal, London NW10 7PN, on Wednesday 27th September 2017 at 12:30 pm for the following purposes:

Ordinary Business

1. To receive and adopt the Report of the Directors and the Accounts for the year ended 31 March 2017 and the Auditors Report thereon. *(Resolution 1)*
2. To declare a dividend of 0.50 pence per ordinary share of the Company. *(Resolution 2)*
3. To re-elect Mr. Zul Virani as a Director who retires pursuant to the provisions of the Articles of Association and, being eligible, offer himself for re-election. (Resolution 3)
4. To re-elect Mr. Rahim Virani as a Director who retires pursuant to the provisions of the Articles of Association and, being eligible, offer himself for re-election. *(Resolution 4)*
5. To re-appoint UHY Hacker Young LLP as Auditors of the Company to hold office unit the conclusion of the next General Meeting at which accounts and reports are laid and to authorise the board of directors to determine their remuneration. *(Resolution 5)*

Special Business

To consider and, if thought fit, to pass the following resolutions of which resolution 6 will be proposed as an Ordinary Resolution of the Company and Resolution 7 will be proposed as a Special Resolution of the Company:

6. That the Directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the company to allot shares in the company and to grant rights to subscribe for, or to convert any security into, shares in the Company up to an aggregate nominal value of £10,000,000 provided that such authority shall expire on the conclusion of the next Annual general meeting to be held in 2018 unless previously renewed, varied or revoked by the Company in general meeting save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired. *(Resolution 6)*
7. That, subject to the passing of resolution 6 above, the Directors be and are hereby empowered pursuant to Section 570 and Section 573 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority granted by Resolution 6 above as if section 561 (1) of the act did not apply to any such allotment provided this power shall be limited to the allotment wholly for cash:

   (i) of equity securities in connection with a rights issue in favour of Ordinary shareholders or allottees of Ordinary shares where the equity securities respectively attributable to the interests of all Ordinary shareholders or allottees of Ordinary shares are proportionate (as nearly as may be) to the respective numbers of Ordinary shares held by or allotted to them; and

   (ii) (otherwise than pursuant to sub- paragraph (i) above) of equity securities up to an aggregate nominal amount of £10,000,000

   and this authority shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2018 (unless renewed on or before that date) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be alloted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired. *(Resolution 7)*

By order of the Board

Pravin Malde
Secretary

31 August 2017

Registered offices:
Crown House
North Circular Road
Park Royal
London, NW10 7PN

1. A member entitled to attend and vote at the above meeting may appoint a proxy or proxies to attend, and on a poll, vote in his/her stead. A proxy need not be a member of the Company. Appointment of a proxy will not preclude a member from attending and voting at the Meeting should he/she decide to do so.
2. A from of proxy, to be valid, must be signed and lodged with the Company's Registrars, Neville Registrars Limited, Neville house, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA so as to arrive not later than 48 hours before the time fixed for the Meeting.

CYGNET PROPERTIES & LEISURE PLC (THE COMPANY)

FORM OF PROXY

I/We .... (Block Capitals)

of ....

Being a Member of the company hereby appoint the duly appointed Chairman of the meeting, or failing him

....

of ....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 27th September 2017.

I/We desire the proxy to be used in connection with the resolutions to be proposed at the Annual General Meeting as follows:

RESOLUTION	FOR	AGAINST
1. To adopt the Directors Report and Accounts		
2. To declare a dividend		
3. To re-elect Mr. Zul Virani as Director		
4. To re-elect Mr. Rahim Virani as Director		
5. To re-appoint UHY Hacker Young LLP as Auditors		
6. To authorise the Directors pursuant to Section 551 of the Act		
7. To authorise the Directors pursuant to Section 570 & 573 of the Act		

Please indicate with an "X" in the appropriate box how you wish your vote to be cast.

Number and Class of Shares held ....

Dated this .... day of 2017

Signed ....

NOTES

1. A proxy need not be a Member of the Company.
2. A form of proxy, to be valid, must be signed and lodged with the Company's Registrars, Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midland, 863 3DA so as to arrive not later than 48 hours before the time fixed for the Annual General Meeting.
3. If the shareholder is a corporation and has adopted a common seal, the form must be executed under its common seal and under the hand of some officer or attorney duly authorised in that behalf. If the corporation has not adopted a common seal, the form must be executed in accordance with the Act.
4. In the case of joint holders, the signature of any one holder will be sufficient but the names of the joint holders should be stated.

CYGNET
PROPERTIES AND LEISURE PLC

ANNUAL REPORT 2017

Cygnet Properties & Leisure PLC
Crown House
North Circular Road
Park Royal
London NW10 7PN

T: +44 (0) 20 8961 1415
E: enquiries@cygnetproperties.co.uk
www.cygnetproperties.co.uk