





# Contents

2	Company Information
3	Board of Directors & Management Team
4	Chairman's Statement
6	Graphical Presentation of Financial Information
8	Company Fundamentals
9	Our Portfolio
26	Directors' Report
29	Independent Auditors' Report
30	Consolidated Profit and Loss Account
31	Consolidated Statement of Total Recognised Gains & Losses
31	Note of Historical Costs Profits & Losses
32	Consolidated Balance Sheet
33	Company Balance Sheet
34	Consolidated Cash Flow Statement
35	Notes to the Financial Statements
56	Notice of Annual General Meeting

## Financial Calendar

29 August 2013  
Record date for dividend

5 September 2013  
Annual General Meeting

20 September 2013  
Payment of dividend

In a tough market, we have  
**EXCEEDED**  
**EXPECTATIONS.**

# Company Information

## Directors

James Fraser Livingston FRICS - Non-executive Chairman

Nazmu Virani - Director

Zul Virani - Director

Rahim Virani BSc - Managing Director

Karim Virani BA (LAW) - Legal Director

Shaila Virani BSc, BA - Director

Robert Towers ACIB - Non-executive Director

## Company Secretary

Jasvinder Singh Kalsi FCCA

## Head Office

### Cygnnet Properties & Leisure PLC

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

Registered in England & Wales No. 03325149



## 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

## Solicitors

### BPE

St. James Square  
Cheltenham GL50 3PR

## Principal Bankers

### Nationwide Building Society

Kings Park Road  
Moulton Park  
Northampton NN3 6NW

### Punjab National Bank (International) Ltd

87 Gresham Street  
London EC2V 7NQ

### HSBC Bank plc

46 The Broadway  
Ealing, London W5 5JZ

## Registrars

### Neville Registrars Limited

Neville House  
18 Laurel Lane  
Halesowen  
West Midlands B63 3DA

## Board of Directors



**Fraser Livingston** FRICS  
Non-executive Chairman



**Nazmu Virani**  
Director



**Zul Virani**  
Director



**Rahim Virani** BSc  
Managing Director



**Karim Virani** BA (Law)  
Director (Legal)



**Shaila Virani** BSc, BA  
Director



**Robert Towers** ACIB  
Non-executive Director



**Jas S Kalsi** FCCA  
Company Secretary

## Management Team



**Zaeem Ud-Din** ACMA, FCCA  
Financial Controller



**Paul Kyriacou** BSc, MRICS  
Group Surveyor



**Ilham Iqbal** BA(Hons), MSc  
Assistant Accountant



**Raj Yaqub**  
Property Manager



**Kalpen Patel**  
Property Manager



**Toral Brahmhatt** MBA  
Property Manager



**Mumtaz Ullah** MBA  
Property Manager



**Bhadra Makwana**  
Property Manager



**Nadia Virani**  
Property Manager



**Pasha Sadr**  
Property Manager



**Shafina Virani**  
Property Manager



**Patrick Boote**  
Property Manager



**Waheed Ahmed**  
Property Manager



**Mona Dasari**  
Property Manager



**Oana Dade**  
Administrative Assistant

## Chairman's Statement



**Fraser Livingston FRICS**  
Non-executive Chairman

“Net Asset Value  
rose by 15.5% to  
77.5p per share.”

Readers of my annual statement and of a certain generation will recognise the sentiment I report as a cracked record as yet again the challenging economy and lack of growth continue to inhibit demand for property following the banking crisis. Against that background, I have pleasure in presenting my report for the year ended 31 March 2013, another year with consistent increase in the group's profit.

Turnover for the year was £4.28m up from £4.12m in the previous year. The operating profit for the year including joint venture and associated companies increased to £2.61m from £2.53m last year. The profit on ordinary activities before taxation was £2m against £1.94m in 2012 and profit for the year after taxation and minority interests was £1.24m up from £1.22m last year. The company has maintained steady growth over a number of years, reflecting strong management in an unpredictable market.

The net asset value as at 31 March 2013 rose by 15.5% to 77.5p per share compared to 67.1p per share as at 31 March 2012 and earnings per share improved to 4.42p per share up from 4.35p per share. The Board is recommending a dividend payment of 0.30 pence per share, in line with last year and retaining profits for further investment.

The Board's criteria governing interest cover and gearing continues to be monitored regularly and the group remains well within these measures. The group's property gearing remains low at 29%. In addition over 63% of the group's bank loans have a maturity beyond five years. The net debt position as at 31 March 2013 was £15.2m compared to £14.7m as at 31 March 2012. The principal reasons for the increase in debt were the acquisition of properties and the purchase of the remaining 50% shares in Alankar Properties Ltd, which is now treated as a subsidiary and hence its debt has been added to the group debt.

During the year the group acquired three freehold properties: A property in Wimbledon comprising an A3 retail unit with a residential flat above and an adjoining warehouse. The second property, a retail premises on the High Street in Hounslow comprising 16,200 sq ft let to Currys with offices above, which was acquired through an associated company. And the third property on Humberstone Gate, Leicester, comprising 29,800 sq ft of offices was acquired through a 50% subsidiary company. After the year end the group sold at a profit its freehold property on London Road, Wembley, which had been acquired about eighteen months ago.

Your Board remains focused on the group's objectives of increasing revenue and enhancing shareholder value through continued organic growth and acquisitions, by taking advantage of the opportunities created by the current uncertain market. I believe we are in a unique position to utilise the strength of our balance sheet, the support of financial institutions to provide funding for acquisition of assets and also to engage the support of other investors. I remain confident in the future of your company, and with our expert and committed management team we are well positioned for the continued growth of the group.

I am delighted to welcome Robert Towers to the Board as a non-executive director. He brings to the Board a wealth of commercial banking and finance-related property experience which will be much appreciated and valued to the benefit of the group. Bob has worked through a number of recessions and his career experience, principally in Risk management, at Alliance & Leicester and prior to that with The Co-operative Bank and NatWest Bank, will offer invaluable insights and connections. He continues to consult for a number of financial institutions so we have high aspirations for the impact that Bob will deliver for us.

In closing, I wish to thank my fellow directors, the management team and all staff for their loyalty and continued contribution to another successful year and to our future goals.

**Fraser Livingston** FRICS  
Non-executive Chairman

24 July 2013

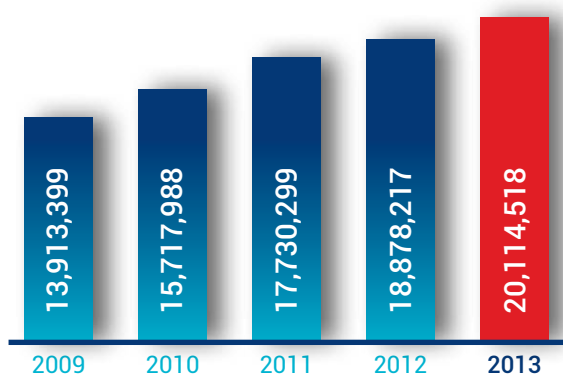
“63% of the group's bank loans have a maturity beyond five years.”

Earnings per share has improved to

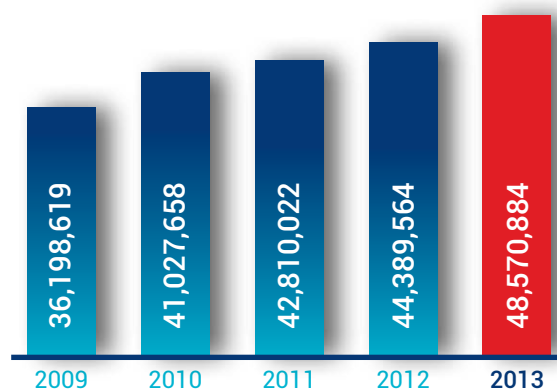
4.42p

## Graphical presentation of financial information

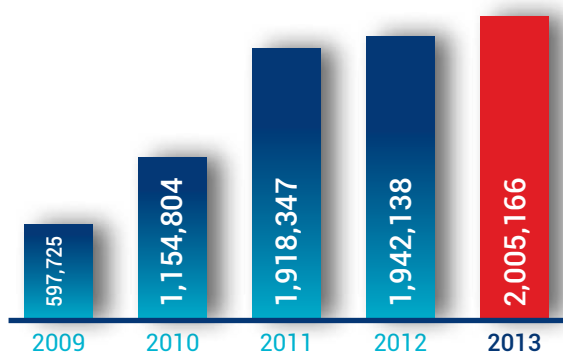
### Net Assets (£)



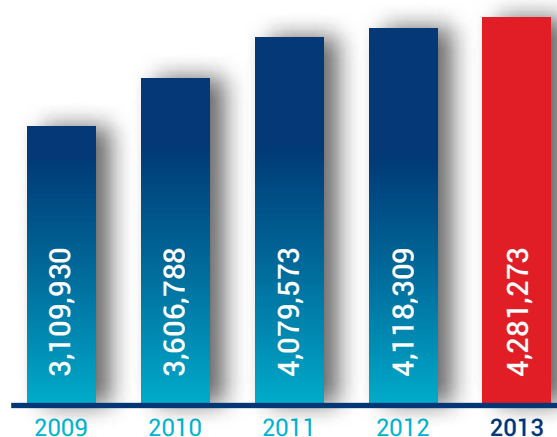
### Gross Assets (£)



### Profit on ordinary activities before taxation (£)



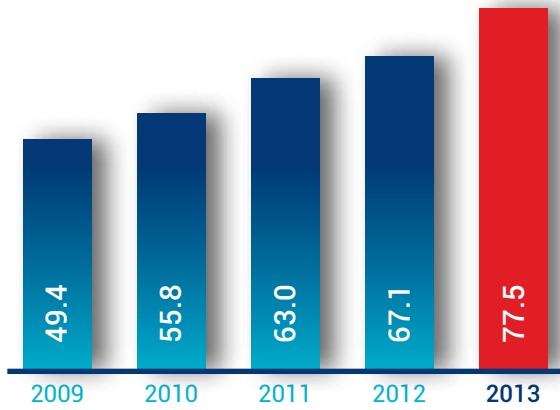
### Gross Turnover (£)



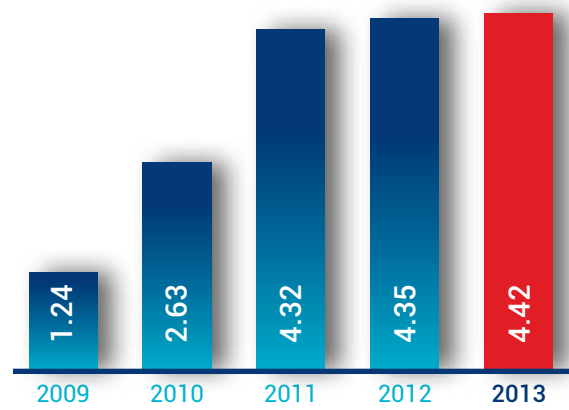
*“Turnover for the year was **£4.28m** up from **£4.12m** in the previous year.”*



## Net Asset Value (Pence)



## Earnings per share (Pence)



# 575,000

square feet of space  
and rising

# Company Fundamentals

## RELATIONSHIPS

- Cygnet has a **dedicated team** that drives the business ensuring the assets are working, fueling further investment.
- We have a broad and **loyal tenant base**.
- We have **strong working relationships** with external professionals and agents that refer tenants to us.

## ECONOMY

- Property yields are high and the current climate is presenting opportunities for **prudent investors**.
- Commercial property offers better returns than traditional investments and these can be accessed through the **experienced executive team**.
- The Cygnet lettings model, offering short term **flexible** licenses of small units, is **counter-cyclical**.

## PORTFOLIO

- The Cygnet portfolio is **widely diversified** between many assets within the commercial property asset class.
- The company has access to local and international **joint-venture partners** when **larger deals** are identified.
- The existing portfolio offers **stable income**.

## GEARING

- Cygnet has remarkably low gearing for the sector, **only 29%**.
- The company has sufficient resources to take up any new opportunity that presents, demonstrated by **recent cash acquisitions**.
- The company continues to maintain **good relations with existing lenders**.
- The company has **funding support** for future investments from existing relationship banks and other financial institutions.

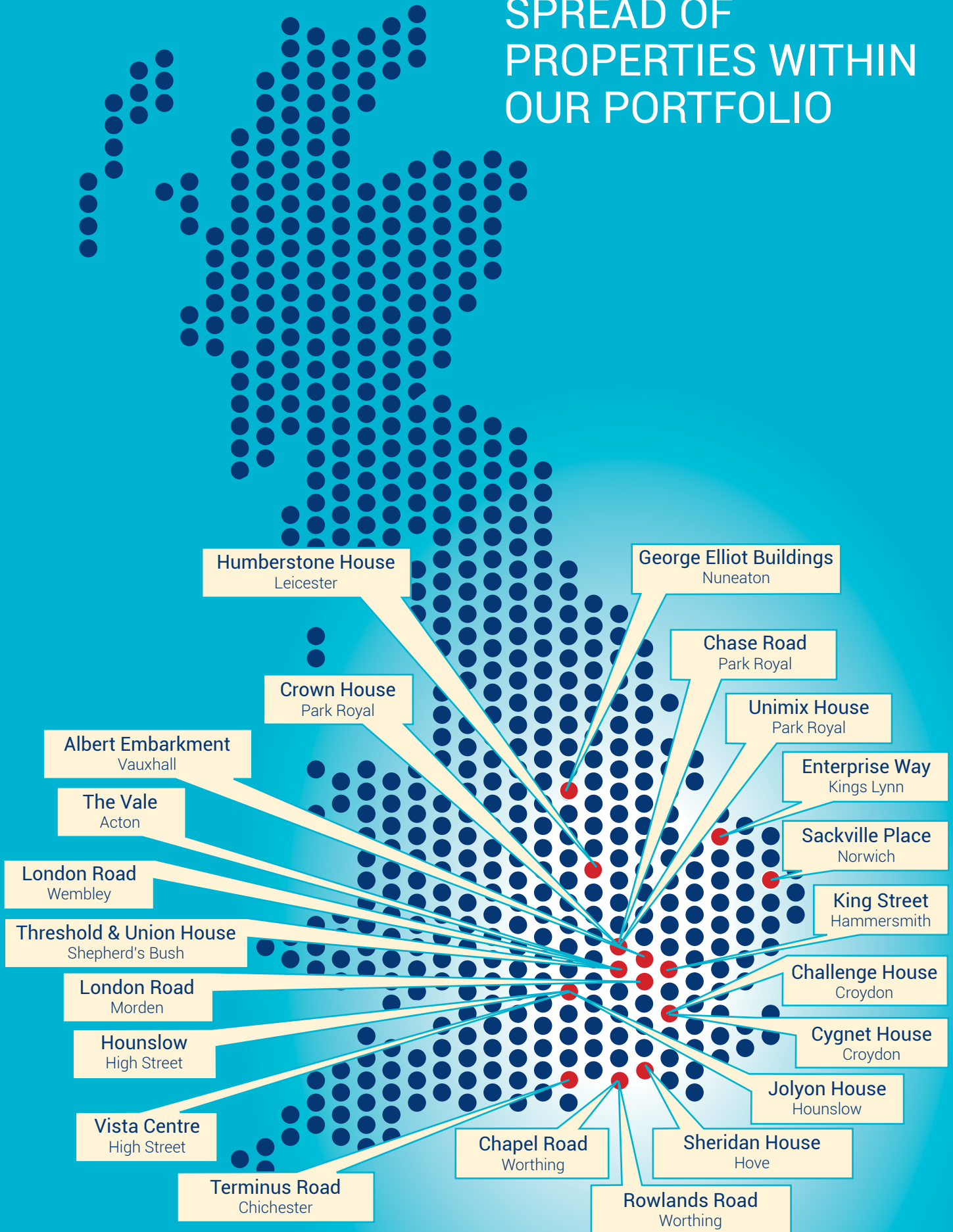
## BOARD

- Cygnet has **strong governance with independent non-executives** to provide impartial guidance and an external check.
- Diverse range of **professional capabilities** within the board, including banking and finance, surveying, management and law.



# Our Portfolio

## GEOGRAPHICAL SPREAD OF PROPERTIES WITHIN OUR PORTFOLIO



# CHALLENGE HOUSE Croydon

This recent addition to our portfolio comprises 40,000sq ft of freehold office space and is located on the main arterial road into Croydon, a prominent pitch on Mitcham Road. Since acquisition, a number of new lettings have been achieved and occupancy has risen from 30% to 70% in spite of strong local competition.



A FORMER  
FACTORY  
SITE, NOW  
PRODUCING  
SMES!

# CROWN HOUSE Park Royal

Crown House is 60,000sq ft of prime real estate on the North Circular Road in West London. The property has the benefit of over 60 parking spaces and is let to over 80 tenants that form a tightly knit community and inspiring entrepreneurial atmosphere. Owing to its strategic position, further rental income is generated from advertising hoardings and telecommunication masts.



## VISTA BUSINESS CENTRE Heathrow

Vista Business Centre comprises in excess of 100,000sq ft of refurbished, air-conditioned office space. This freehold property is located close to Heathrow Airport and has the benefit of extensive on-site parking and a full service restaurant. Tenants also have the benefit of a fully equipped gym, swimming pool and outdoor football pitch. The property is multi-let to tenants including the Defra and we have been approached by a party interested in a residential scheme for the site.





A TOWERING  
OFFICE BLOCK  
WITH POTENTIAL  
FOR **RESIDENTIAL**  
CONVERSION.



## SHERIDAN HOUSE Hove

This freehold mixed retail and office investment, centrally located in Hove, provides high specification offices and is fully let to various covenants including William Hill Organisation Limited and Santander UK PLC. The property has recently been subject to a comprehensive refurbishment programme to the stone facade and common parts.







A BRIGHT AND CONTEMPORARY  
BUSINESS CENTRE IN THE  
HEART OF FASHIONABLE HOVE

# THRESHOLD & UNION HOUSE Shepherd's Bush

This freehold property provides 40,000sq ft of prime office space prominently located opposite Shepherds Bush Green. The area has countless public transport amenities and the property is within a minute's walk from Westfield London, the high-end shopping and leisure destination. The property is fully let to a mix of national and international companies. With high profile developments in the immediate area such as the BBC site on Wood Lane and the adjacent Dorsett Regency Hotel project, this investment is sure to see continued appreciation.





# A HOTBED FOR ENTREPRENEURS IN THE CORE OF THRIVING SHEPHERD'S BUSH



## UNIMIX HOUSE Park Royal

This prominent 80,000sq ft freehold property is let to local businesses and training companies. The property comprises ground floor showrooms, D1 space, air conditioned offices, two A3 units and penthouses above. The property also been rented for television requirements and is an ideal short term option for local companies addressing a short term project or simply needing flexibility.



A DIVERSE  
BUILDING IN  
THE CENTRE  
OF THE  
PARK ROYAL  
INDUSTRIAL  
ESTATE.



## ROWLANDS ROAD Worthing

A parade of local shops, recently purchased but a disposal of garages to the rear and ground rents above has already taken place. The units are let to a national charity as well as smaller independent retailers.



## HUMBERSTONE HOUSE Leicester



In the cultural quarter of the city, this 30,000 sq ft investment property is a stone's throw from the city's pedestrianised town centre. The property benefits from an excellent parking ratio and is predominantly let to the Intraining Group. The group has an investment programme planned for the site and once higher occupancy is achieved the asset will have appreciated considerably.

# CYGNET HOUSE Croydon

Cygnets House is located in the heart of this busy commercial area. It is within walking distance to East and West Croydon Railway Stations and the Tramlink, as well as the soon to be redeveloped Whitgift Shopping Centre. The freehold property comprises 22,000sq ft of offices, arranged over ground and ten upper floors and also benefits from ample parking. This property is multi-let to over 25 tenants, and also benefits from an income from roof masts.



HIGH-RISE IN  
AN **UNBEATABLE**  
CROYDON LOCATION

# CHAPEL ROAD Worthing City Centre

This freehold property occupies a prominent position in Worthing's prime retail area and is let to Barclays Bank Plc and Thomas Cook Limited. Thomas Cook have recently signed a new lease and this has enhanced the value of the asset.



## JOLYON HOUSE Hounslow

The freehold property provides 9,000 sq ft of office space located in the industrial heart of Hounslow, only 3 miles from Heathrow airport. The area is well serviced by bus routes and underground stations, and has 24/7 access, meeting rooms, and ample parking. Jolyon House is in hot demand from all small businesses and any company servicing Heathrow Airport.



## PEEL HOUSE Morden

Peel House offers tailor made office space for small and growing businesses, suites are available in a range of configurations and the centre has strong occupancy. Peel House is located in the heart of Morden town centre above the Sainsbury's in the central commercial area. Morden London Underground station is within 100 metres. The property is arranged over ground and three upper floors.





## HOUNSLOW HIGH STREET Middlesex

The freehold property provides 16,201sq ft of retail space let as a whole to Currys Group Limited. The property is arranged on basement, ground, mezzanine and two upper floors to provide a ground floor shop unit with ancillary accommodation above. The first and second floor offices are self-contained and accessed from the front. The property is situated within the prime retail driven pedestrianised section of the High Street close to one of the main entrances into the Treaty Centre. Hounslow is an important commercial centre situated approximately 12 miles West of Central London, the property's position also offers management synergies given the other portfolio investments in the area.



A STABLE  
TENANT IN  
A **PRIME**  
SUBURBAN  
LONDON  
SHOPPING PITCH.

## LONDON ROAD Wembley

This freehold property provides 12,307 sq ft of office space and is located moments from Wembley High Road, in the heart of the Wembley Central retail and housing development. The local area has undergone significant regeneration in recent years following the redevelopment of Wembley Stadium and the supporting infra-structure. The sites position, adjacent to Wembley Central station is a major asset. Following the year end, the company has agreed a sale of this property at a considerable profit which is a pleasing performance given the short period of ownership.



## KING STREET Hammersmith



The freehold property, situated on Hammersmith's main shopping street comprises a large ground floor retail space with first floor offices and four separately accessed residential units above. The property has the valuable benefit of six parking spaces and has potential for future development. The Property is fully let and demand in the area always remains strong.



# NAKIVUBO TRADE CENTRE Kampala, Uganda

This freehold shopping mall, centrally located in a busy commercial area has grown into a thriving trade centre for mechanical components and hardware. Due to substantial daily footfall, four banks have taken occupation within the property: Barclays, Fina, Tropical and Micro Finance, and the Centre is a hub for commerce.



## A LANDMARK RETAIL DEVELOPMENT FOR KAMPALA

# Directors' Report

for financial year ended 31st March 2013

## The directors present their annual report and financial statements of the group and the company for the year ended 31 March 2013.

### Principal activities

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

### Results and dividends

The group results for the year ended 31 March 2013 are shown on page 30. The directors recommend a final dividend of 0.30 pence per ordinary share (2012: 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.

### Business review

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 4% despite a reduction in the average occupancy rate to 81% (2012: 83%). Net asset value per share increased by 15.5% and earnings per share increased by 1.6% over the last year. The group generated a positive cash flow of £92,000 (2012: negative cash flow £435,000) during the year.

### 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 generated growth in its asset base.

### 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 of the financial statements. The total liability to the banks has reduced by £0.8m over the past year and more than 63% of the group's bank loans have a maturity beyond five years.

### Risks and uncertainties

The principal risk and uncertainty facing the group is fluctuation in property values which would affect the net asset value and ability to expand the portfolio. This may be caused by constricted availability of bank finance through changes in the regulatory regime or the performance of the historic loan book, 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. The group's 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. 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 although 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, the group has broad and diversified asset and tenant bases, particularly in our business centre properties and senior management keep the buildings' occupancy and focal market under constant scrutiny. The group turnover was generated from an average of approximately 240 tenants during the year which equated to an average annual rental income of £16,000 per tenant. 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 companies of a similar size. 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 troubled market there is ample equity in the portfolio to satisfy all lender covenants.

### 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 reduced tenant demand and greater price sensitivity, the priority from the existing portfolio is to maintain steady income. The group is poised to take advantage of opportunities in the current economic climate, 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 is however mindful of the state of the economy and will only proceed with new acquisitions where the right asset is available at the right price. The Board is also exploring the possibilities for a change of use at certain of the sites and the appreciation that this may be able to deliver.

### Directors' interests

The directors had no interests in the shares of the company or the company's subsidiary companies at 31 March 2013 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 2013 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 2013, 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*	18,796,107	66.8%
Virani Net Scheme*	5,881,862	20.9%
Dame M. E. Thomas	1,620,470	5.8%

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

### Creditor payment policy

It is the group's policy to agree the terms and conditions under which business transactions with its suppliers are conducted. Payments to suppliers are made in accordance with these terms or shortly thereafter, provided the supplier is also complying with all relevant terms and conditions. The average creditor settlement period for the year ended 31 March 2013 was 37 days (2012: 38 days).

### 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 accounts.

### Properties

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

### Charitable donations

During the year to 31 March 2013 the group made charitable donations amounting to £8,235 (2012: £18,590).

### Directors

The following directors held office during the year:

J Fraser Livingston  
Zul Virani  
Nazmu Virani  
Rahim Virani  
Shailla Virani  
Karim Virani

Robert Towers was appointed as director on 4 July 2013.

### 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.

# Directors' Report

for financial year ended 31st March 2013

## Statement of responsibilities of those charged with governance

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Statement of disclosure to the auditors

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

1. there is no relevant audit information of which the company's auditors are unaware; and
2. each director has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

## Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution proposing that UHY Hacker Young 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.

By Order of the Board

**J S Kalsi**

Secretary

24 July 2013

over

# 500

tenants contributing towards the group's income across our property portfolio

# Independent Auditors' Report

to the members of Cygnet Properties & Leisure PLC

We have audited the financial statements of Cygnet Properties and Leisure Plc on pages 30 to 55 for the year ended 31 March 2013. 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).

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.

## Respective responsibilities of directors and auditors

As explained more fully in the Statement of responsibilities of those charged with governance set out in the directors' report, 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 the financial statements in accordance with relevant law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's and group's affairs as at 31 March 2013 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## 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.

## Colin Wright (Senior Statutory Auditor)

For and on behalf of UHY Hacker Young  
Chartered Accountants  
Statutory Auditor

24 July 2013



Quadrant House  
4 Thomas More Square  
London  
E1W 1YW

# Consolidated Profit & Loss Account

for financial year ended 31st March 2013

CONSOLIDATED PROFIT & LOSS ACCOUNT		2013	2012
	Notes	£	£
<b>Turnover</b>			
Group and share of joint venture turnover	2	4,281,273	4,118,309
Less: Share of joint venture turnover		(401,175)	(325,925)
<b>Group turnover</b>			
Other income		47,388	76,791
Property costs		(1,291,329)	(1,274,276)
Administrative expenses		(668,228)	(714,942)
<b>Group operating profit</b>			
	3	1,967,929	1,879,957
Share of operating profit of:			
Joint venture	11	243,881	198,538
Associated Companies	10	402,182	455,065
<b>Operating profit including joint venture and associates</b>			
		2,613,992	2,533,560
Interest receivable	4	39,060	34,933
Interest payable	5	(647,886)	(626,355)
<b>Profit on ordinary activities before taxation</b>			
		2,005,166	1,942,138
Taxation	6	(438,982)	(389,745)
<b>Profit on ordinary activities after taxation</b>			
		1,566,184	1,552,393
Minority interests - equity	19	(322,102)	(328,637)
<b>Retained profit for the financial year</b>			
		1,244,082	1,223,756

All of the above results are derived from continuing operations.



# Consolidated Statement of Total Recognised Gains & Losses and Note of Historical Costs Profits & Losses

for financial year ended 31st March 2013

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	2013	2012
	£	£
Retained profit for the year	1,244,082	1,223,756
Share of (deficit)/surplus on revaluation of investment properties:		
- owned properties	1,221,162	-
- associated companies (note 10)	(268,115)	8,618
- allocation to minority interests	(876,371)	-
<b>Total recognised gains relating to the year</b>	<b>1,320,758</b>	<b>1,232,374</b>

CONSOLIDATED NOTE OF HISTORICAL COST PROFITS AND LOSSES	2013	2012
	£	£
Reported profit on ordinary activities before taxation	2,005,166	1,942,138
Historical cost profit on ordinary activities before taxation	2,005,166	1,942,138
Taxation	(438,982)	(389,745)
Minority interests – equity	(322,102)	(328,637)
<b>Historical cost profit for the year retained after taxation</b>	<b>1,244,082</b>	<b>1,223,756</b>

# Consolidated Balance Sheet

as at 31st March 2013

CONSOLIDATED BALANCE SHEET		2013		2012	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets - positive goodwill	8		-		28,893
- negative goodwill	8		(293,122)		(189,982)
			(293,122)		(161,089)
Tangible assets	9		42,433,572		38,093,720
Investments in associated companies	10		3,321,367		3,711,858
Investment in joint ventures:	11				
Share of gross assets			1,293,307		1,096,906
Share of gross liabilities			(79,996)		(94,976)
			1,213,311		1,001,930
			46,675,128		42,646,419
<b>Current assets</b>					
Debtors	12		445,829		499,236
Cash at bank and in hand			1,449,927		1,243,909
			1,895,756		1,743,145
<b>Creditors: amounts falling due within one year</b>	13		(7,622,789)		(6,570,660)
<b>Net current liabilities</b>			(5,727,033)		(4,827,515)
<b>Total assets less current liabilities</b>			40,948,095		37,818,904
<b>Creditors: amounts falling due after more than one year</b>	14		(15,073,235)		(14,534,988)
<b>Provision for liabilities and charges</b>	15		(396,233)		(240,114)
<b>Minority interests</b>	19		(5,364,109)		(4,165,585)
<b>Net assets</b>			<b>20,114,518</b>		<b>18,878,217</b>
<b>Capital and reserves</b>					
Called up share capital	16		2,815,199		2,815,199
Share premium account	17		1,924,769		1,924,769
Revaluation reserve	17		7,546,621		7,469,946
Capital redemption reserve	17		822,831		822,831
Profit and loss account	17		7,005,098		5,845,472
<b>Shareholders' funds - equity interests</b>	18		<b>20,114,518</b>		<b>18,878,217</b>

The financial statements were approved by the Board on 24 July 2013  
 Rahim Virani - Managing Director  
 Company Registration Number 03325149

# Company Balance Sheet

as at 31st March 2013

COMPANY BALANCE SHEET		2013		2012	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		147,159		148,725
Investments in associated and subsidiary companies	10		11,411,407		10,418,121
Investments in joint ventures	11		181,533		181,533
			11,740,099		10,748,379
<b>Current assets</b>					
Debtors	12		88,865		183,164
Cash at bank and in hand			667,992		663,493
			756,857		846,657
<b>Creditors: amounts falling due within one year</b>	13		(4,019,080)		(3,316,926)
<b>Net current liabilities</b>			(3,262,223)		(2,470,269)
<b>Total assets less current liabilities</b>			8,477,876		8,278,110
<b>Creditors: amounts falling due after more than one year</b>	14		(1,454,932)		(1,006,456)
<b>Provisions for liabilities and charges</b>	15		(1,530)		(1,776)
<b>Net assets</b>			<b>7,021,414</b>		<b>7,269,878</b>
<b>Capital and reserves</b>					
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
Profit and loss account	17		1,458,615		1,707,079
<b>Shareholders' funds</b>			<b>7,021,414</b>		<b>7,269,878</b>

The financial statements were approved by the Board on 24 July 2013  
 Rahim Virani - Managing Director  
 Company Registration Number 03325149

# Consolidated Cash Flow Statement

for financial year ended 31st March 2013

CONSOLIDATED CASH FLOW STATEMENT		2013		2012	
	Notes	£	£	£	£
<b>Net cash inflow from operating activities</b>	20		2,740,552		2,419,630
<b>Returns on investments and servicing of finance</b>					
Interest received		32,000		30,496	
Interest paid		(363,567)		(338,555)	
Dividend from associated companies		-		30,090	
Dividends paid		(83,185)		(81,813)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(414,752)		(359,782)
<b>Corporation tax paid</b>			(423,716)		(215,803)
			1,902,084		1,844,045
<b>Capital expenditure</b>					
Purchase and refurbishment of properties		(1,517,204)		(1,081,621)	
Purchase of other tangible fixed assets		(18,000)		(2,750)	
Proceeds on sale of properties		110,249		-	
<b>Net cash outflow from capital expenditure</b>			(1,424,955)		(1,084,371)
<b>Acquisitions and disposals</b>					
Acquisition of subsidiary, net of cash received		(310,793)		(25)	
<b>Net cash outflow from acquisitions and disposals</b>			(310,793)		(25)
<b>Net cash inflow before management of liquid resources and financing</b>			166,336		759,649
<b>Financing</b>					
Repayment of bank loans		(811,030)		(798,414)	
Loans granted to associated companies (net)		(41,289)		(194,990)	
Receipt of loans from related parties		252,077		(200,834)	
Receipt of other loans		525,724		-	
<b>Net cash outflow from financing</b>			(74,518)		(1,194,238)
<b>Increase/(decrease) in cash</b>	22		<b>91,818</b>		<b>(434,589)</b>

# Notes to the Financial Statements

for financial year ended 31st March 2013

## 1. Accounting policies

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

### 1.1 Basis of preparation

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable accounting standards.

#### 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 2013, the group's current liabilities exceeded its current assets by £5.7 million (2012: £4.8 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 2014, being approximately 14 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 profit and loss account from the date of their acquisition. Intra-group sales, profits and balances are eliminated fully on consolidation.

### 1.3 Joint ventures

Interests in joint ventures are accounted for using the gross equity method, as required by Financial Reporting Standard 9 "Associates and Joint Ventures" ("FRS 9"). The group's share of the gross assets and gross liabilities of its joint ventures are disclosed in the group balance sheet. The group's share of joint venture operating profit, net interest payable and taxation are included in the consolidated profit and loss account.

### 1.4 Associated companies

Companies, other than subsidiary companies, in which the group has an investment and over which it exerts significant influence but does not control, are treated as associated companies.

As required by FRS 9, the group's share of profits less losses of the associated companies is included in the consolidated profit and loss account, and the group's share of its net assets or liabilities is included in the consolidated balance sheet. These amounts are primarily taken from the latest audited financial statements of the companies concerned, which have the same accounting reference date.

### 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 profit and loss account 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.

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

# Notes to the Financial Statements

for financial year ended 31st March 2013

## 1.7 Tangible fixed assets and depreciation

### Investment properties

Investment properties are stated at their open market value on an existing use basis. Any surplus or deficit arising on valuation is transferred to the revaluation reserve, except for those deficits expected to be permanent, which are charged to the profit and loss account.

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, SSAP 19, 'Accounting for Investment Properties', 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 each 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. No provision is made for deferred tax on gains recognised on revaluing properties to their market values unless the company has a binding contract, at the balance sheet date, to sell the revalued assets.

## 1.11 Foreign currencies

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 balance sheet date and the gains or losses on translation are included in the profit and loss account.

## 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.

## 2. Turnover and segmental information

The total turnover for the year has been derived in the United Kingdom for the group and in Uganda for the joint venture and from the principal activities as follows:

PROPERTY INVESTMENT AND LETTINGS	2013	2012
	£	£
Group	3,880,098	3,792,384
Joint venture	401,175	325,925
	<b>4,281,273</b>	<b>4,118,309</b>

Operating profit before tax and minority interests of the group by principal activities, was as follows:

PROPERTY INVESTMENT AND LETTINGS	2013	2012
	£	£
United Kingdom	2,370,111	2,334,977
Uganda	243,881	198,583
	<b>2,613,992</b>	<b>2,533,560</b>

Net assets of the group, its joint venture and associated companies by principal activities were as follows:

PROPERTY INVESTMENT AND LETTINGS	2013	2012
	£	£
United Kingdom	18,901,207	17,876,287
Uganda	1,176,911	965,530
Germany	36,400	36,400
	<b>20,114,518</b>	<b>18,878,217</b>

# Notes to the Financial Statements

for financial year ended 31st March 2013

## 3. Group operating profit

	2013	2012
	£	£
Group operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets (note 9)	12,545	10,730
Amortisation of goodwill - net credit (note 8)	(7,979)	(8,079)
Impairment of goodwill and associate	38,871	-
Auditors' remuneration - group audit fees	47,800	45,800
- non-audit services	8,000	7,500
Operating lease rentals	2,096	2,899
Exchange gain	(3,071)	(10,994)

The group audit fees consists of £37,000 (2012: £35,000) payable to the parent company auditors and £10,800 (2012: £10,800) payable to another firm of auditors who audit some of the company's subsidiaries. Non-audit services relate entirely to tax services payable to the parent company auditors.

## 4. Interest receivable

	2013	2012
	£	£
Company and subsidiaries		
- bank interest received	25,906	30,847
Associated companies		
- share of bank interest received (note 10)	7,060	4,086
Other interest	6,094	-
	<b>39,060</b>	<b>34,933</b>

## 5. Interest payable

	2013	2012
	£	£
Company and subsidiaries:		
On bank overdrafts	17,772	6,443
On bank loans repayable after five years	343,004	331,779
On overdue tax	2,791	678
	363,567	338,900
Associated companies – share of bank loan interest (note 10)	284,319	287,110
Joint ventures – share of bank loan interest (note 11)	-	345
	<b>647,886</b>	<b>626,355</b>



## 6. Taxation

The tax charge comprises:

	2013	2012
	£	£
<b>Current year taxation</b>		
UK corporation tax on profits for the year	316,131	239,714
Adjustments for previous periods	(64,344)	(10,097)
	251,787	229,617
Share of joint venture's tax (overseas tax) (note 11)	32,500	32,500
Share of associated companies' corporation tax charge (note 10)	16,994	34,748
Total current tax charge	301,281	296,865
<b>Deferred tax</b>		
Deferred tax charge – group (note 15)	137,701	92,602
Share of associated companies' deferred tax charge (note 10)	-	278
Tax charge on profit on ordinary activities	<b>438,982</b>	<b>389,745</b>

The tax charge for the year is reconciled as follows:

	2013	2012
	£	£
Profit on ordinary activities before tax	2,005,166	1,942,138
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 24% (2012: 26%)	481,240	504,956
<i>Effects of:</i>		
Expenses not deductible for tax purposes	(6,852)	4,856
Depreciation, impairment and amortisation	8,129	688
Capital allowances	(47,468)	(85,351)
Utilisation of tax losses	(43,312)	(54,414)
Adjustments to tax charge in respect of previous periods	(64,344)	(10,097)
Other tax adjustments	(26,112)	(63,773)
Total current tax charge	<b>301,281</b>	<b>296,865</b>

# Notes to the Financial Statements

for financial year ended 31st March 2013

## 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 profit and loss account. The loss on ordinary activities after taxation included in the financial statements of the parent company for the year ended 31 March 2013 is £164,008 (2012: loss £47,138).

## 8. Intangible fixed assets

GROUP	NEGATIVE GOODWILL	POSITIVE GOODWILL	TOTAL
	£	£	£
<b>Cost</b>			
At 1 April 2012	(221,926)	51,371	(170,555)
Additions (see below)	(113,788)	-	(113,788)
At 31 March 2013	(335,714)	51,371	(284,343)
<b>Amortisation and impairment</b>			
At 1 April 2012	31,944	(22,478)	9,466
Amortisation credit/(charge)	10,648	(2,669)	7,979
Impairment charge (see below)	-	(26,224)	(26,224)
At 31 March 2013	42,592	(51,371)	(8,779)
<b>Net book value</b>			
At 31 March 2013	(293,122)	-	(293,122)
At 31 March 2012	(189,982)	28,893	(161,089)

Positive goodwill arose in a previous year on the acquisition of the company's subsidiary, Myriad Estates Limited. As this company is no longer trading, the goodwill has been impaired in the year.

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. The addition during the current year of £113,788 relates to the acquisition of the remaining 50% of Alankar Properties Limited which was previously a 50% associate of the group and is now a 100% subsidiary.

Positive goodwill is being amortised and negative goodwill is being released to the profit and loss account over the directors' estimate of their useful economic lives of 20 years.

## 9. Tangible fixed assets

GROUP	INVESTMENT PROPERTIES	PLANT AND MACHINERY	FIXTURES & FITTINGS	TOTAL
	£	£	£	£
<b>Cost or valuation</b>				
At 1 April 2012	38,061,537	26,889	320,045	38,408,471
Additions	1,517,204	-	18,000	1,535,204
On acquisition of subsidiary	1,710,251	-	-	1,710,251
Revaluations	1,221,162	-	-	1,221,162
Disposals	(114,220)	-	-	(114,220)
At 31 March 2013	42,395,934	26,889	338,045	42,760,868
<b>Depreciation</b>				
At 1 April 2012	-	26,140	288,611	314,751
Charge for the year	-	188	12,357	12,545
At 31 March 2013	-	26,328	300,968	327,296
<b>Net book value</b>				
At 31 March 2013	42,395,934	561	37,077	42,433,572
At 31 March 2012	38,061,537	749	31,434	38,093,720

The group purchased two investment properties during the period ended 31 March 2013, at a cost of £1.4 million. The remaining additions in the period relate to capitalised improvements on existing group investment properties. The group owned sixteen freehold investment properties and one leasehold investment properties at 31 March 2013.

The total amount of loan interest and directly attributable overhead expenditure capitalised in the properties' costs to date is £647,251 (2012: £647,251) and £299,361 (2012: £299,361) respectively. No interest or overhead expenditure has been capitalised during the year.

The investment properties are valued on an open market basis as at 31 March 2013 by the directors, one of whom is a chartered surveyor. The directors' 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 2013 which are based on the directors' valuation are not significantly different from the open market values of those properties as at that date.

# Notes to the Financial Statements

for financial year ended 31st March 2013

## 9. Tangible fixed assets (continued)

COMPANY	FREEHOLD INVESTMENT PROPERTIES	FIXTURES & FITTINGS	TOTAL
	£	£	£
<b>Cost</b>			
At 1 April 2012	142,460	68,648	211,108
Additions	-	-	-
At 31 March 2013	142,460	68,648	211,108
<b>Depreciation</b>			
At 1 April 2012	-	62,383	62,383
Charge for the year	-	1,566	1,566
At 31 March 2013	-	63,949	63,949
<b>Net book value</b>			
At 31 March 2013	<b>142,460</b>	<b>4,699</b>	<b>147,159</b>
At 31 March 2012	<b>142,460</b>	<b>6,265</b>	<b>148,725</b>

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 2013 were as follows:

GROUP	ASSOCIATED COMPANIES
	£
<b>Shares</b>	
At 1 April 2012	5,340
Transfer on the acquisition of the remaining share of Alankar (see below)	(500)
Additions	50
At 31 March 2013	4,890
<b>Loans</b>	
At 1 April 2012	2,275,400
Loans issued in year (net)	41,228
At 31 March 2013	2,316,628
<b>Share of retained profits</b>	
At 1 April 2012	604,379
Net share of surplus for the year (see below)	107,929
Transfer on acquisition of the remaining share of Alankar (see below)	(174,467)
Impairment on an associate's winding up	(12,547)
At 31 March 2013	525,294
<b>Share of revaluation of associated companies' properties</b>	
At 1 April 2012	826,739
Share of loss on revaluations of associated companies' properties in year (note 17)	(268,115)
Transfer of revaluation on the acquisition of the remaining share of Alankar (see below)	(84,069)
At 31 March 2013	474,555
<b>Net book value</b>	
At 31 March 2013	<b>3,321,367</b>
At 31 March 2012	<b>3,711,858</b>

During the year ended 31 March 2013 the group increased its shareholding in Alankar Properties Limited ("Alankar") from 50% (previously treated as an associated company) to 100% (now treated as a subsidiary company). The group's share of retained profits and revaluation of properties have therefore been transferred from the group's investments in associates and now treated as a fully controlled subsidiary.

# Notes to the Financial Statements

for financial year ended 31 st March 2013

## 10. Fixed asset investments (continued)

The company's investments in subsidiary and associated companies at 31 March 2013 were as follows:

COMPANY	ASSOCIATED COMPANIES	SUBSIDIARY COMPANIES	TOTAL
	£	£	£
<b>Shares</b>			
1 April 2012	5,340	1,694,126	1,699,466
Purchase of remaining shares in Alankar	(500)	145,797	145,297
Impairment (see below)	-	(65,446)	(65,446)
Additions	50	-	50
At 31 March 2013	4,890	1,774,477	1,779,367
<b>Loans</b>			
At 1 April 2012	2,275,400	6,443,255	8,718,655
Granted in year (net)	41,229	872,156	913,385
At 31 March 2013	2,316,629	7,315,411	9,632,040
<b>Net book value</b>			
At 31 March 2013	2,321,519	9,089,888	11,411,407
At 31 March 2012	2,280,740	8,137,381	10,418,121

The above impairment of the value of shares in subsidiaries represents the carrying value of Myriad Estates Limited, which is now dormant.

## 10. Fixed asset investments (continued)

The company's subsidiary and associated companies at 31 March 2013 were as follows:

SUBSIDIARY COMPANIES	PRINCIPAL ACTIVITY	% OF ORDINARY 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%
Storey's Gate Property Limited	Property investment	100%
Zone Estates Limited	Property investment	100%
Myriad Estates Limited	Dormant	100%
Steelgate Limited	Property investment	100%
Acre Homes Limited	Property investment	100%
Mayfield Estates Limited	Property investment	100%
C & A Engineering Limited	Property investment	100%
Sunnyvale Properties Limited	Property investment	100%
Finetech Limited	Property investment	100%
Alankar Properties Limited	Property investment	100%
Unimix Properties Limited	Property investment	50%
Willowland Limited	Property investment	50%
Spyce Properties Limited	Property investment	40%

ASSOCIATED COMPANIES	PRINCIPAL ACTIVITY	% OF ORDINARY SHARE CAPITAL HELD
Fenton Estates Limited	Property investment	33.4%
Wise Developments Limited	Property investment	25.0%
Vista Property Investments Limited	Property investment	30.3%
Secured Properties Limited	Property investment	50.0%
Morden Properties Limited	Property investment	22.0%
Cygnets Properties & Leisure (Europe) Limited	Property investment	25.0%
Hounslow Real Estates Limited	Property investment	25.0%

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.

Spyce Properties Limited, Unimix Properties Limited and Willowland Limited have been treated as subsidiaries on the grounds that Cygnets controls the financial and operating policies of these companies with a view to gaining economic benefits from its activities.

# Notes to the Financial Statements

for financial year ended 31 st March 2013

## 10. Fixed asset investments (continued)

The group's share of the net assets of the seven associated companies as at 31 March 2013 are shown under investments in the consolidated balance sheet, and comprised:

	£	£
<b>Share of assets:</b>		
Share of fixed assets	7,852,271	
Share of current assets	657,751	
		8,510,022
<b>Share of liabilities:</b>		
Due within one year	(976,306)	
Due after more than one year	(6,527,447)	
		(7,503,753)
		1,006,269
Loans to associates		2,316,628
Goodwill arising on acquisition		(1,530)
Share of net assets representing the group's carrying value of investments in associated companies (see above)		<b>3,321,367</b>

Goodwill comprises investment of £250 and pre-acquisition net assets of £1,780 in respect of Vista Property Investments Limited.

The group's share of the results of the seven associated companies for the year ended 31 March 2013 were as follows:

	£
Share of turnover	966,878
Share of operating profits	402,182
Share of interest receivable (note 4)	7,060
Share of interest payable (note 5)	(284,319)
Share of current and deferred taxation (note 6)	(16,994)
Share of profits for the year	<b>107,929</b>



## 11. Investments in joint ventures

The group's investments in joint ventures at 31 March 2013 were as follows:

GROUP	2013	2012
	£	£
Uganda (note i)	1,176,911	965,530
Germany (note ii)	36,400	36,400
	<b>1,213,311</b>	<b>1,001,930</b>

COMPANY	2013	2012
	£	£
Uganda (note i)	145,133	145,133
Germany (note ii)	36,400	36,400
	<b>181,533</b>	<b>181,533</b>

### (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 2012	965,530	145,133
Share of profit for the year (see below)	211,381	-
At 31 March 2013	<b>1,176,911</b>	<b>145,133</b>

# Notes to the Financial Statements

for financial year ended 31st March 2013

## 11. Investments in joint ventures (continued)

The group's share of net profits and net assets of the Uganda joint venture as at 31 March 2013 are shown under investment in joint venture in the consolidated balance sheet and comprise:

	£
<b>Share of turnover</b>	401,175
<b>Share of net profit:</b>	
Share of operating profit	243,881
Share of taxation (note 6) - current year	(32,500)
Share of interest payable (note 5)	-
	<b>211,381</b>
<b>Share of net assets:</b>	
Share of assets	1,256,907
Share of liabilities - due within one year	(79,996)
	<b>1,176,911</b>

### (ii) Germany

In 2007, the company acquired a 50% interest in three properties jointly with Mr Liaqat Malik, in Germany, for a total consideration of €105,470. As at the balance sheet date, these properties were held for refurbishment prior to being let. Accordingly they are shown at cost to the company and group.

	GROUP	COMPANY
	£	£
At 1 April 2012 and 31 March 2013	36,400	36,400

## 12. Debtors

	2013	2012	2013	2012
	Group	Group	Company	Company
	£	£	£	£
Trade debtors	323,422	259,403	1,195	1,195
Other debtors	57,000	143,041	30,465	94,477
Prepayments	65,407	65,212	57,205	57,545
Amounts due from related parties	-	29,947	-	29,947
Deferred tax	-	1,633	-	-
	<b>445,829</b>	<b>499,236</b>	<b>88,865</b>	<b>183,164</b>

## 13. Creditors: amounts falling due within one year

	2013	2012	2013	2012
	Group	Group	Company	Company
	£	£	£	£
Bank overdrafts (note below)	596,916	482,716	575,914	482,716
Bank loans (note 14)	885,859	809,788	30,046	29,158
Trade creditors	1,839,728	1,760,765	4,856	4,256
Other creditors	2,141,282	1,674,178	1,260,054	960,771
Other taxes and social security costs	288,728	158,772	6,188	-
Corporation tax payable	272,562	444,491	-	-
Amounts due to subsidiary companies	-	-	1,920,830	1,648,408
Accruals and deferred income	1,460,890	1,128,885	84,368	80,552
Dividends payable	15,359	14,088	15,359	14,088
Amounts owed to related parties	121,465	96,977	121,465	96,977
	<b>7,622,789</b>	<b>6,570,660</b>	<b>4,019,080</b>	<b>3,316,926</b>

The bank overdrafts are secured on fixed deposit accounts.

Amounts owed to related parties at 31 March 2013 include £114,623 (2012: £96,977) due to Virani Net Scheme. These loans are interest free.

# Notes to the Financial Statements

for financial year ended 31st March 2013

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

	2013	2012	2013	2012
	Group	Group	Company	Company
	£	£	£	£
Amount due to related parties	2,934,161	2,706,577	1,053,805	575,000
Bank loans (note below)	11,613,350	11,828,411	401,127	431,456
Other loans	525,724	-	-	-
	<b>15,073,235</b>	<b>14,534,988</b>	<b>1,454,932</b>	<b>1,006,456</b>
<b>Bank loans maturity analysis</b>				
Repayable within one year	886,530	809,788	30,046	29,158
Repayable between one and two years	902,959	826,910	30,538	29,805
Repayable between two and five years	2,815,487	2,587,350	94,646	93,437
Repayable in more than five years	7,894,233	8,414,151	275,943	308,214
Total loan debt	12,499,209	12,638,199	431,173	460,614
Included in current liabilities (note 13)	(885,859)	(809,788)	(30,046)	(29,158)
Amounts falling due after more than one year	<b>11,613,350</b>	<b>11,828,411</b>	<b>401,127</b>	<b>431,456</b>

The bank loans are secured by legal charges over the group's investment properties and bear interest at 1.1% over LIBOR. Amounts owed to related parties at 31 March 2013 include the following main balances: £nil (2012: £34,537) due to Ms. S Nasser, £nil (2012: £13,380) due to Mrs. Y. Virani, £nil (2012: £48,323) due to Mrs. A Virani, £nil (2012: £23,203) due to the Z G Virani Family Trust, £1,053,805 due to Mrs Y Virani (2012: £575,000) and £1,880,356 due to Halo Estates Limited (2012: £1,949,237). These related party loans are interest free, are unsecured and have no fixed terms of repayment.

## 15. Provisions for liabilities and charges

DEFERRED TAX	2013	2012	2013	2012
	Group	Group	Company	Company
	£	£	£	£
Amount provided:				
- on accelerated capital allowances	396,233	240,114	1,530	1,776
Amount unprovided:				
- on revaluation of properties	1,379,000	1,149,775	-	-
Full potential liability	<b>1,775,233</b>	<b>1,389,889</b>	<b>1,530</b>	<b>1,776</b>
The movement of the provision for the year is as follows:				
At 1 April	240,114	142,364	1,776	1,863
Acquired with subsidiary	18,418	-	-	-
Profit and loss charge/(credit) (note 6)	137,701	97,750	(246)	(87)
At 31 March	<b>396,233</b>	<b>240,114</b>	<b>1,530</b>	<b>1,776</b>

## 16. Share capital

	2013	2012
	£	£
<b>Authorised</b>		
1,000,000,000 ordinary shares of 10p each	100,000,000	100,000,000
5,000 founder shares of 10p each	500	500
	<b>100,000,500</b>	<b>100,000,500</b>
<b>Issued</b>		
28,151,991 ordinary shares of 10p each - fully paid	<b>2,815,199</b>	<b>2,815,199</b>

# Notes to the Financial Statements

for financial year ended 31st March 2013

## 17. Statement of movements on reserves

GROUP	SHARE PREMIUM ACCOUNT	REVALUATION RESERVE	CAPITAL REDEMPTION RESERVE	PROFIT AND LOSS ACCOUNT
	£	£	£	£
At 1 April 2012	1,924,769	7,469,946	822,831	5,845,472
Profit retained for the year	-	-	-	1,244,082
Dividends approved in the year	-	-	-	(84,456)
Revaluations in the year:				
- owned investment properties	-	1,221,162	-	-
- share of associated companies	-	(268,115)	-	-
- allocation to minority interest	-	(876,371)	-	-
At 31 March 2013	1,924,769	7,546,621	822,831	7,005,098

COMPANY	SHARE PREMIUM ACCOUNT	REVALUATION RESERVE	CAPITAL REDEMPTION RESERVE	PROFIT AND LOSS ACCOUNT
	£	£	£	£
At 1 April 2012	1,924,769	-	822,831	1,707,079
Loss for the year	-	-	-	(164,008)
Dividends approved in the year	-	-	-	(84,456)
At 31 March 2013	1,924,769	-	822,831	1,458,615

## 18. Reconciliation of movements in shareholders' funds

GROUP	2013	2012
	£	£
Profit for the year after taxation	1,244,082	1,223,756
Dividends approved in year	(84,456)	(84,456)
Net increase in shareholders' funds	1,159,626	1,139,300
Other gains relating to the year – properties' revaluations	76,675	8,618
Opening shareholders' funds	18,878,217	17,730,299
Closing shareholders' funds	20,114,518	18,878,217

## 19. Minority interests

The minority interests' balance at 31 March 2013 represented:

	2013
	£
At 1 April 2012	4,165,585
Addition of Willowland Limited ("Willowland")	50
Minority share of profit on Spyce Properties Limited ("Spyce")	254,827
Minority share of profit on Unimix Properties Limited ("Unimix")	66,544
Minority share of profits on Willowland	731
Minority share of revaluation of investment property in Spyce	876,371
At 31 March 2013 (comprising minority share of net assets of Spyce, Unimix and Willowland)	<b>5,364,109</b>

## 20. Reconciliation of operating profit to net cash inflow from operating activities

GROUP	2013	2012
	£	£
Group operating profit	1,967,929	1,879,957
Depreciation charges	12,545	10,730
Amortisation credit (net)	(7,979)	(8,079)
Impairment charges	38,871	-
Decrease/(increase) in debtors	78,119	(198,532)
Increase in creditors	651,067	735,554
Net cash inflow from operating activities	<b>2,740,552</b>	<b>2,419,630</b>

# Notes to the Financial Statements

for financial year ended 31st March 2013

## 21. Analysis of changes in net debt

	ACQUIRED WITH SUBSIDIARY	1 APRIL 2012	CASH FLOWS	31 MARCH 2013
	£	£	£	£
Net cash:				
Cash at bank and in hand	151,725	1,243,909	54,293	1,449,927
Bank overdrafts (note 13)	(15,018)	(482,716)	(99,182)	(596,916)
	<b>136,707</b>	<b>761,193</b>	<b>(44,889)</b>	<b>853,011</b>
Debt:				
Bank loans (note 14)	(672,040)	(12,638,199)	811,030	(12,499,209)
Loan from related party	-	(2,803,549)	(252,077)	(3,055,626)
Other loans	-	-	(525,724)	(525,724)
	(672,040)	(15,441,748)	33,229	(16,080,559)
Total net debt	<b>(535,333)</b>	<b>(14,680,555)</b>	<b>(11,660)</b>	<b>(15,227,548)</b>

## 22. Reconciliation of net cash flow to movements in net debt

	2013	2012
	£	£
(Decrease)/increase in cash from cash flows	(44,889)	(434,589)
Cash inflow from decrease in debt	33,229	999,247
Acquired with subsidiary	(535,333)	-
Change in net debt resulting from cash flows	(546,993)	564,658
Opening net debt	(14,680,555)	(15,245,213)
Closing net debt at 31 March 2013	<b>(15,227,548)</b>	<b>(14,680,555)</b>



### 23. Employees

	2013	2012
	£	£
Wages and salaries	266,087	317,304
Social security costs	29,062	25,444
	295,149	342,748

The average monthly number of employees (excluding directors) during the year was 18 (2012: 18).

### 24. Directors' emoluments

	2013	2012
	£	£
Emoluments for qualifying services – salary and fees	98,320	91,250

In addition, the company paid £50,000 (2012: £45,000) to Virani Net Limited (a shareholder of the company) for the services of the remaining directors.

### 25. Capital commitments

At 31 March 2013 there were no authorised capital commitments (2012: £319,500) for property acquisitions after the year end.

### 26. Ultimate controlling party

The company is 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.

### 27. Subsequent events

Subsequent to the year end, one of the subsidiaries of the company sold at a profit its freehold property for a consideration of £1.29m.

# Cygnat Properties & Leisure PLC (the Company)

## Notice of Annual General Meeting

NOTICE is hereby given that the 2013 Annual General Meeting of the Company will be held at Crown House, North Circular Road, Park Royal, London NW10 7PN, on Thursday 5th September 2013 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 2013 and the Auditors' Report thereon.
2. To declare a dividend of 0.30 pence per ordinary share of the Company.
3. To re-elect or elect the following as directors who retire pursuant to the provisions of the Articles of Association and, being eligible, offers themselves for re-election or election (to be proposed as separate resolutions):
  - a. Ms Shaila Virani
  - b. Mr Karim Virani
  - c. Mr Robert Towers
4. To re-appoint UHY Hacker Young as Auditors of the Company to hold office until the conclusion of the next General Meeting at which accounts and reports are laid and to authorise the Directors to fix their remuneration.

### Special Business

To consider and, if thought fit, to pass the following resolutions of which Resolution 5 will be proposed as an Ordinary Resolution of the Company and Resolution 6 will be proposed as a Special Resolution of the Company:

5. 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 a maximum nominal amount of £10,000,000 provided that such authority shall expire on the conclusion of the next Annual General Meeting to be held in 2014 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.
6. That, subject to the passing of Resolution 5 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 5 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 £10,000,000and this authority shall expire on the conclusion of the next Annual General Meeting of the Company to be held in 2014 (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 allotted 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.

By Order of the Board

**J S Kalsi**

Secretary

24 July 2013

### Registered Office:

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 instead of him/her. 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 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 Midlands, B63 3DA so as to arrive not later than 48 hours before the time fixed for the Annual General Meeting.



# CYGNET PROPERTIES AND LEISURE PLC

## ANNUAL REPORT 2013

