

# WALLS & FUTURES

Walls & Futures REIT plc  
Annual Report and Account  
For the period ending 31 March 2018



Investing in property today Providing support for tomorrow

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# Group Strategic Report

The directors present their strategic report of the company and the group for the year ended 31 March 2018.

## Summary

Walls & Futures REIT plc is an Ethical Housing REIT providing homes for some of the most vulnerable people in society. Our strategy is to build a portfolio of high yielding residential properties let on long term leases, with rents increasing in line with inflation, to low risk tenants including Charities and Housing Associations.

Rather than acquire existing portfolios, we originate investments, dealing directly with Local Authorities, Housing Associations and Charities. This approach enables us to directly add capacity and ensure the quality of the homes delivered while creating immediate equity growth and higher yields.

Walls & Futures REIT plc do not have any involvement with care delivered within the properties, this is managed by care providers approved by Local Authorities.

## Highlights include:

- Revenue up by 126.6% to £102,901 (2017: £45,400)
- Profit before tax increased to £45,386 (2017: Loss of £314,716)
- Investment property value increased 9.22%
- Earnings per share 1.38p (2017: -17.07p)
- Delivered our first Supported Housing development, providing six new places
- Joined MSCI IPD UK Residential Index
- Portfolio performance for the calendar year 2017 delivered a total return of 11.5% against benchmark 7%
- Joined Social Stock Exchange/Impact Investment Network
- Raised £222,603 in new equity in the year, (with £80,080 raised after the year end in May 2018)

## Overview & Strategy

During the year the Group completed its first supported housing property, a freehold, detached grade two listed building, in the Cotswold market town of Stroud. The renovation and redevelopment successfully completed at the end of August to provide a high-quality home with specialist support for six adults with physical & learning disabilities.

The property is being let on a 25-year full repairing and insuring lease, with rents adjusted annually in line with inflation (CPI), to one of the UK's leading care providers who has more than 50 years of experience and expertise in the sector and currently supports more than 2,500 adults nationwide.

In February 2018 we announced that we had joined MSCI IPD UK Residential Property Index. The index measures unleveraged total returns of directly held standing property investments. As of December 2016, it tracked the performance of 11,201 residential property investments, with a total capital value of £12.1 billion. Being part of the MSCI IPD UK Residential Property Index provides our shareholders with a transparent and meaningful method of comparing our absolute and relative performance with that of the index and our larger peers.

For the calendar year 2017, our portfolio delivered a total return of 11.5% against the MSCI IPD UK Residential index, which returned 7%. We believe this illustrates the performance benefit of our development strategy.

In March 2018, applications were received by the Company in respect of the new share offer. A total of 236,812 ordinary shares were issued, the gross proceeds received from this subscription were £222,603.28.

### Post balance sheet events

On 22 May 2018 the Company issued a total of 85,192 Ordinary Shares of 5p at 94p each. The gross proceeds received by the Company from this subscription are £ 80,080.

On 1 June 2018, the Company appointed Allenby Capital Limited as its NEX Exchange Growth market Corporate Advisor.

On 14 June 2018, the Company was named "Impact Company of the Year" at the 2018 NEX Exchange Small Cap Awards. The annual event shines a light on the best companies and participants in the small and micro-cap community (sub £100m market capitalisation).

### Principle Risks & Uncertainties

The Group portfolio is exclusively invested in the UK and therefore exposed to the risks and uncertainties of the UK economy.

The value of the properties are subject to fluctuating market conditions and may be affected by consumer confidence, the performance of the UK economy and liquidity in the market.

The Group does not currently have any borrowings and is therefore not currently exposed to interest rate risk. It does however have an ongoing requirement to fund its activities through the debt and/or equity markets and in the future to obtain finance for property acquisitions. There is no certainty that such funds will be available when needed and thus inhibit growth.

### Risk management

The success of the Group is predicated on increasing the size of the portfolio, which would be at risk without further capital. In order to mitigate this, the directors will be engaged in regular fund raising.

### Outlook

We have developed a pipeline of potential investments with a number of transactions currently under consideration and will be announced as they are finalised.

The directors will continue the same investment policies which have been successful since joining the NEX Exchange Growth Market.

### On behalf of the board:

J K McTaggart - Director      10 August 2018



## Report of the Directors

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2018.

### Dividends

No dividends will be distributed for the year ended 31 March 2018.

### Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

### Directors

The directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

J K McTaggart

D P White

P A Wylie

### Statement of directors' responsibilities

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

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

**Statement as to disclosure of information to auditors**

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

**Auditors**

The auditors, Kingston Smith LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**On behalf of the board:**

J K McTaggart - Director      10 August 2018

## Report of the Independent Auditors to the Members of Walls & Futures REIT Plc

### Opinion

We have audited the financial statements of Walls & Futures REIT Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement 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 FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

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

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

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Use of our report**

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

Jonathan Sutcliffe (Senior Statutory Auditor)    10 August 2018  
for and on behalf of Kingston Smith LLP

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

## Consolidated Income Statement

For the year ended 31 March 2018

	Notes	Year ended 31/3/18 £	Period 18/3/16 to 31/3/17 £
<b>Turnover</b>	3	<b>102,901</b>	45,400
Cost of sales		<u>26,717</u>	<u>15,461</u>
<b>Gross Profit</b>		<b>76,184</b>	29,939
Administrative expenses		<u>229,223</u>	<u>112,342</u>
		<b>(153,039)</b>	(82,403)
Gain/loss on revaluation of tangible assets		<u>198,333</u>	<u>(30,000)</u>
<b>Operating Profit/(Loss)</b>	5	<b>45,294</b>	(112,403)
Cost of fundamental reorganisation	6	<u>-</u>	<u>202,333</u>
		<b>45,294</b>	(314,736)
Interest receivable and similar income		<u>92</u>	<u>22</u>
		<b>45,386</b>	(314,714)
Interest payable and similar expenses	7	<u>-</u>	<u>2</u>
<b>Profit/(Loss) Before Taxation</b>		<b>45,386</b>	(314,716)
Tax on profit/(loss)	8	<u>-</u>	<u>(219)</u>
<b>Profit/(Loss) for the Financial Year</b>		<b>45,386</b>	(314,497)
Profit/(loss) attributable to: Owners of the parent		<u>45,386</u>	<u>(314,497)</u>

The notes form part of these financial statements

## Consolidated Other Comprehensive Income

For the year ended 31 March 2018

	Note	Year ended 31/3/18 £	Period 18/3/16 to 31/3/17 £
<b>Profit/(Loss) for the year</b>		<b>45,386</b>	(314,497)
<b>Other comprehensive income</b>			
Gain on bargain purchase		-	2,509
Income tax relating to other comprehensive income		-	-
<b>Other comprehensive income for the year, net of income tax</b>		-	2,509
<b>Total comprehensive income for the year</b>		<b>45,386</b>	(311,988)
Total comprehensive income attributable to:			
Owners of the parent		<b>45,386</b>	(311,988)
Earnings per share expressed in pence per share:	10		
Basic		<b>1.38p</b>	(17.14)p
Diluted		<b>1.38p</b>	(17.14)p

The notes form part of these financial statements

## Consolidated Statement of Financial Position

31 March 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Investments	11		-		-
Investment property	12		<u>3,025,000</u>		<u>2,150,000</u>
			<b>3,025,000</b>		<b>2,150,000</b>
<b>Current assets</b>					
Debtors	13	<b>195,995</b>		4,749	
Cash at bank		<u>44,186</u>		<u>842,911</u>	
		<b>240,181</b>		<b>847,660</b>	
<b>Creditors</b>					
Amounts falling due within one year	14	<u>18,955</u>		<u>19,423</u>	
<b>Net current assets</b>			<u>221,226</u>		<u>828,237</u>
<b>Total assets less current liabilities</b>			<u>3,246,226</u>		<u>2,978,237</u>
<b>Capital and reserves</b>					
Called up share capital	16		<b>176,352</b>		164,511
Share premium	17		<b>3,336,476</b>		3,125,714
Revaluation reserve	17		<b>168,333</b>		-
Retained earnings	17		<u>(434,935)</u>		<u>(311,988)</u>
<b>Shareholders' funds</b>	20		<u>3,246,226</u>		<u>2,978,237</u>

The financial statements were approved by the Board of Directors on 10 August 2018 and were signed on its behalf by:

J K McTaggart - Director

D P White - Director

The notes form part of these financial statements

## Company Statement of Financial Position

31 March 2018

	Notes	2018		2017	
		£	£	£	£
<b>Fixed assets</b>					
Investments	11		200		200
Investment property	12		<u>3,025,000</u>		<u>2,150,000</u>
			<b>3,025,200</b>		2,150,200
<b>Current assets</b>					
Debtors	13	197,089		3,579	
Cash at bank		<u>43,697</u>		<u>842,008</u>	
		<b>240,786</b>		845,587	
<b>Creditors</b>					
Amounts falling due within one year	14	<u>18,947</u>		<u>18,817</u>	
<b>Net current assets</b>			<u>221,839</u>		<u>826,770</u>
<b>Total assets less current liabilities</b>			<u>3,247,039</u>		<u>2,976,970</u>
<b>Capital and reserves</b>					
Called up share capital	16		176,352		164,511
Share premium	17		3,336,476		3,125,714
Fair value reserve	17		168,333		-
Retained earnings	17		<u>(434,122)</u>		<u>(313,255)</u>
<b>Shareholders' funds</b>	20		<u>3,247,039</u>		<u>2,976,970</u>
Company's profit/(loss) for the financial year			<u>47,466</u>		<u>(313,255)</u>

The financial statements were approved by the Board of Directors on 10 August 2018 and were signed on its behalf by:

J K McTaggart - Director

D P White - Director

The notes form part of these financial statements

## Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Called up Share Capital £	Retained Earnings £	Share Premium £	Fair value reserve £	Total Equity £
<b>Changes in equity</b>					
Issue of share capital	164,511	-	3,125,714	-	3,290,225
Total comprehensive income	-	(311,988)	-	-	(311,988)
<b>Balance at 31 March 2017</b>	<b>164,511</b>	<b>(311,988)</b>	<b>3,125,714</b>	<b>-</b>	<b>2,978,237</b>
<b>Changes in equity</b>					
Issue of share capital	11,841	-	210,762	-	222,603
Total comprehensive income	-	(122,947)	-	168,333	45,386
<b>Balance at 31 March 2018</b>	<b>176,352</b>	<b>(434,935)</b>	<b>3,336,476</b>	<b>168,333</b>	<b>3,246,226</b>

## Company Statement of Changes in Equity

For the year ended 31 March 2018

	Called up Share Capital £	Retained Earnings £	Share Premium £	Fair value reserve £	Total Equity £
<b>Changes in equity</b>					
Issue of share capital	164,511	-	3,125,714	-	3,290,225
Total comprehensive income	-	(313,255)	-	-	(313,255)
<b>Balance at 31 March 2017</b>	<b>164,511</b>	<b>(313,255)</b>	<b>3,125,714</b>	<b>-</b>	<b>2,976,970</b>
<b>Changes in equity</b>					
Issue of share capital	11,841	-	210,762	-	222,603
Total comprehensive income	-	(120,867)	-	168,333	47,466
<b>Balance at 31 March 2018</b>	<b>176,352</b>	<b>(434,122)</b>	<b>3,336,476</b>	<b>168,333</b>	<b>3,247,039</b>

The notes form part of these financial statements

## Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Notes	Year ended 31/3/18 £	Period 18/3/16 to 31/3/17 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(152,517)	(268,115)
Interest paid		-	(2)
Tax paid		(562)	781
Net cash from operating activities		(153,079)	(267,336)
<b>Cash flows from investing activities</b>			
Purchase of investment property		(676,667)	-
Interest received		92	22
Net cash from investing activities		(676,575)	22
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares		30,929	1,110,225
Net cash from financing activities		30,929	1,110,225
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(798,725)</b>	<b>842,911</b>
<b>Cash and cash equivalents at beginning of year</b>	2	<b>842,911</b>	-
<b>Cash and cash equivalents at end of year</b>	2	<b>44,186</b>	<b>842,911</b>

The notes form part of these financial statements

## Notes to the Consolidated Statement of Cash Flows

For the year ended 31 March 2018

### 1. Reconciliation of profit/(loss) before taxation to cash generated from operations

	Year ended 31/3/18 £	Period 18/3/16 to 31/3/17 £
Profit/(loss) before taxation	45,386	(314,716)
(Gain)/Loss on revaluation of fixed assets	(198,333)	30,000
Gain on bargain purchase	-	2,509
Finance costs	-	2
Finance income	(92)	(22)
	<u>(153,039)</u>	<u>(282,227)</u>
(Increase)/decrease in trade and other debtors	428	(4,749)
Increase in trade and other creditors	94	18,861
<b>Cash generated from operations</b>	<u>(152,517)</u>	<u>(268,115)</u>

### 2. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

#### Year ended 31 March 2018

	31/3/18 £	1/4/17 £
Cash and cash equivalents	<u>44,186</u>	<u>842,911</u>

#### Period ended 31 March 2017

	31/3/17 £	18/3/16 £
Cash and cash equivalents	<u>842,911</u>	<u>-</u>

The notes form part of these financial statements

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

## 1. Statutory information

Walls & Futures REIT Plc is a public company, registered in England and Wales. The company's registered number and registered office address can be found on the Company information page.

## 2. Accounting policies

### Basis of preparing the financial statements

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

### Basis of consolidation

The consolidated financial statements incorporate those of Walls & Futures REIT plc and all of its trading subsidiaries. Subsidiaries acquired during the year are consolidated using the purchase method. All financial statements are made up to 31 March 2018.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £47,466 (2017: loss £313,255).

### Significant judgements and estimates

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no estimates and assumptions which have had a significant risk of causing a material adjustment to the carrying amount of assets and liabilities

### Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgement or estimates.

### Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

### Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

### Financial instruments

The company has elected to apply the provisions of Section 11: 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments

The company only enters into basic financial instruments that result in the recognition of financial assets and liabilities such as trade debtors and creditors.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Debtors**

Short terms debtors are measured at transaction price, less any impairment.

**Cash and cash equivalents**

Cash is represented by current accounts, cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**Creditors**

Short term creditors are measured at the transaction price.

**Taxation**

The group operates as a Real Estate Investment Trust (REIT) and therefore profits and gains from its qualifying property rental business are expected to be exempt from direct taxation provided the REIT conditions are met.

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

Current or deferred taxation assets and liabilities are not discounted.

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

**Deferred tax**

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

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

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

**Currency**

The financial statements are prepared in Sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

**3. Turnover**

The turnover and profit (2017 - loss) before taxation are attributable to the one principal activity of the group.

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

	<b>Year ended 31/3/18 £</b>	<b>Period 18/3/16 to 31/3/17 £</b>
UK Property income	<b>102,901</b>	45,400
	<b>102,901</b>	45,400

**4. Employees and directors**

	Year ended 31/3/18 £	Period 18/3/16 to 31/3/17 £
Wages and salaries	108,000	42,030
Social security costs	8,547	854
	<u>116,547</u>	<u>42,884</u>

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

	Year ended 31/3/18	Period 18/3/16 to 31/3/17
Management	<u>3</u>	<u>3</u>

	Year ended 31/3/18 £	Period 18/3/16 to 31/3/17 £
Directors' remuneration	<u>108,000</u>	<u>42,030</u>

**5. Operating profit/(loss)**

The operating profit (2017 - operating loss) is stated after charging:

	Year ended 31/3/18 £	Period 18/3/16 to 31/3/17 £
Auditors' remuneration	10,800	11,880
Operating lease rentals	7,170	7,170

**6. Exceptional items**

	Year ended 31/3/18 £	Period 18/3/16 to 31/3/17 £
Cost of fundamental reorganisation	<u>-</u>	<u>(202,333)</u>

**7. Interest payable and similar expenses**

	Year ended 31/3/18 £	Period 18/3/16 to 31/3/17 £
Interest on late tax	-	2

**8. Taxation****Analysis of the tax credit**

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

	Year ended 31/3/18 £	Period 18/3/16 to 31/3/17 £
Current tax:		
UK corporation tax	-	(219)
Tax on profit/(loss)	-	(219)

**Tax effects relating to effects of other comprehensive income**

There were no tax effects for the year ended 31 March 2018.

	18/3/16 to 31/3/17		
	Gross £	Tax £	Net £
Gain on bargain purchase	2,509	-	2,509

**9. Individual income statement**

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

**10. Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders of the company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

The company has 43,485 warrants in existence which are exercisable at £1 each on or before 30th September 2022. Basic earnings per share is equal to diluted earnings per share because the warrants are anti-dilutive.

	<b>Earnings £</b>	<b>2018 Weighted average number of shares</b>	<b>Per-share amount pence</b>
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	45,386	3,291,522	1.38
Effect of dilutive securities	-	-	-
<b>Diluted EPS</b>			
Adjusted earnings	45,386	3,291,522	1.38
	<b>Earnings £</b>	<b>2017 Weighted average number of shares</b>	<b>Per-share amount pence</b>
<b>Basic EPS</b>			
Earnings attributable to ordinary shareholders	(314,497)	1,834,982	(17.14)p
Effect of dilutive securities	-	-	-
<b>Diluted EPS</b>			
Adjusted earnings	(314,497)	1,834,982	(17.14)

**11. Fixed asset investments****Company**

**Unlisted  
investments  
£**

**Cost**

At 1 April 2017  
and 31 March 2018

200

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**Net book value**

At 31 March 2018

200

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At 31 March 2017

200

---

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Subsidiaries****Walls & Futures Ltd**

Registered office: 3rd Floor 111 Buckingham Palace Road, London, SW1W 0SR

Nature of business: Property Management

<b>Class of shares:</b>	<b>% holding</b>
Ordinary	100.00

**Walls & Futures (LP) Ltd**

Registered office: 3rd Floor 111 Buckingham Palace Road, London, SW1W 0SR

Nature of business: Investment Company

<b>Class of shares:</b>	<b>% holding</b>
Ordinary	100.00

**Walls & Futures (GP) Ltd**

Registered office: 3rd Floor, 111 Buckingham Palace Road, London, SW1W 0SR

Nature of business: Dormant

<b>Class of shares:</b>	<b>% holding</b>
Ordinary	100.00

## 12. Investment property Group

	<b>Total £</b>
<b>Fair value</b>	
At 1 April 2017	2,150,000
Additions	676,667
Revaluations	<u>198,333</u>
At 31 March 2018	<u>3,025,000</u>
<b>Net book value</b>	
At 31 March 2018	<u>3,025,000</u>
At 31 March 2017	<u>2,150,000</u>

The properties are valued at fair value. The valuation at the year end was carried out by Clarges Limited, professional valuers. In the year there was an increase in the fair value by £198,333 included in the Income Statement.

The original cost of the properties was £2,856,667.

### Company

	<b>Total £</b>
<b>Fair value</b>	
At 1 April 2017	2,150,000
Additions	676,667
Revaluations	<u>198,333</u>
At 31 March 2018	<u>3,025,000</u>
<b>Net book value</b>	
At 31 March 2018	<u>3,025,000</u>
At 31 March 2017	<u>2,150,000</u>

The properties are valued at fair value. The valuation at the year end was carried out by Clarges Limited, professional valuers. In the year there was an increase in the fair value by £198,333 included in cost of sales in the Income Statement.

The original cost of the properties was £2,686,667.

**13. Debtors: amounts falling due within one year**

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Other debtors	194,993	3,366	194,773	3,100
Amounts due from group company	-	-	1,314	-
VAT	-	904	-	-
Prepayments	1,002	479	1,002	479
	<u>195,995</u>	<u>4,749</u>	<u>197,089</u>	<u>3,579</u>

**14. Creditors: amounts falling due within one year**

	Group		Company	
	2018	2017	2018	2017
	£	£	£	£
Bank loans and overdrafts	-	-	-	15
Tax	-	562	-	-
Social security and other taxes	3,295	3,008	3,295	3,009
Other creditors	8	60	-	-
Accrued expenses	15,652	15,793	15,652	15,793
	<u>18,955</u>	<u>19,423</u>	<u>18,947</u>	<u>18,817</u>

**15. Leasing agreements**

Minimum lease payments fall due as follows:

**Group**

	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	6,199	12,103
Between one and five years	-	6,199
	<u>6,199</u>	<u>18,302</u>

**Company**

	Non-cancellable operating leases	
	2018	2017
	£	£
Within one year	6,199	12,103
Between one and five years	-	6,199
	<u>6,199</u>	<u>18,302</u>

**16. Called up share capital****Allotted and issued:**

<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>2018</b>	<b>2017</b>
			<b>£</b>	<b>£</b>
3,290,225	Share capital 1	5p	176,352	164,511

On 29 March 2018, 236,812 ordinary shares of £0.05 each were issued at a price of £0.94 per share. At the year end £191,674 was unpaid.

**17. Reserves****Group**

	<b>Retained Earnings</b>	<b>Share Premium</b>	<b>Fair value reserve</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2017	(311,988)	3,125,714	-	2,813,726
Profit for the year	45,386			45,386
Share issue (note 16)	-	210,762	-	210,762
Transfer to Fair Value reserve	(168,333)	-	168,333	-
At 31 March 2018	(434,935)	3,336,476	168,333	3,069,874

**Company**

	<b>Retained Earnings</b>	<b>Share Premium</b>	<b>Fair value reserve</b>	<b>Totals</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2017	(313,255)	3,125,714	-	2,812,459
Profit for the year	47,466			47,466
Share issue (note 16)	-	210,762	-	210,762
Transfer to Fair Value reserve	(168,333)	-	168,333	-
At 31 March 2018	(434,122)	3,336,476	168,333	3,070,687

**18. Related party disclosures**

During the year, the group made payments of £4,142 (2017: £7,445) to Wigmore Jones Limited, a company controlled by one of the directors, for the provision of residential lettings management services. Payments were made on a commercial basis and there were no balances outstanding at the year end.

**19. Post balance sheet events**

On 22 May 2018 the Company issued a total of 85,192 Ordinary shares of 5p at 94p each. The gross proceeds received by the Company from this subscription are £80,080.

**20. Reconciliation of movements in shareholders' funds****Group**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Profit/(loss) for the financial year	<b>45,386</b>	(314,497)
Other comprehensive income relating to the year (net)	-	2,509
Cost of shares issued	<b>11,840</b>	164,491
Premium on shares issued	<b>210,763</b>	3,125,734
<b>Net addition to shareholders' funds</b>	<b>267,989</b>	2,978,237
Opening shareholders' funds	<b>2,978,237</b>	-
<b>Closing shareholders' funds</b>	<b>3,246,226</b>	2,978,237

**Company**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Profit/(loss) for the financial year	<b>47,466</b>	(313,255)
Cost of shares issued	<b>11,840</b>	164,491
Premium on shares issued	<b>210,763</b>	3,125,734
<b>Net addition to shareholders' funds</b>	<b>270,069</b>	2,976,970
Opening shareholders' funds	<b>2,976,970</b>	-
<b>Closing shareholders' funds</b>	<b>3,247,039</b>	2,976,970

**21. Financial instruments**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Carrying amount of financial instruments		
Debt instruments measured at amortised cost	194,993	3,366
Carrying amount of financial liabilities		
Measured at amortised cost	15,660	15,853

# Company Information

**Directors**

J K McTaggart

D P White

P A Wylie

**Secretary**

Waterstone Company Secretaries Ltd

**Registered office**

3rd Floor

111 Buckingham Palace Road

London

SW1W 0SR

**Registered number**

10071765 (England and Wales)

**Auditors**

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