

WALLS & FUTURES

Walls & Futures REIT plc
Annual Report and Account
For the period ending 31 March 2019



Ethical Housing REIT generating long-term secure income by addressing the UK's social housing needs

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Group Strategic Report

For the year ended 31 March 2019

Summary

Walls & Futures is an Ethical Housing REIT aiming to generate long-term secure income by addressing the UK's social housing needs.

Our strategy is not to buy readymade existing portfolios from aggregators. Instead, we originate and develop our projects in partnership with our customers who are typically Local Authorities, established Housing Associations and Charities. Our tailored solutions enable us to cut out the middleman and make a margin on the development in addition to the rental income.

Walls & Futures REIT plc does not have any involvement with the care delivered within the properties, this is managed by care providers approved by local authorities.

Highlights include:

- Revenue up 32% to £135,878 (2018: £102,901)
- Loss -£18,408 (2018: Profit of £45,386)
- Investment property value increased by 4.79%
- Earnings per share -0.51p (2018: 1.38p)
- Portfolio performance for the calendar year 2018 delivered a total return of 8.75% against the MSCI UK Residential Index of 5.2%.

Overview

For the calendar year 2018, our portfolio delivered a total return of 8.75% against the MSCI UK Residential index, which returned 5.2%. This is the second consecutive year we have outperformed the index and believe it demonstrates the potential of our development strategy.

In June 2018 we appointed Allenby Capital Limited as the Company's NEX Exchange Growth Market Corporate Adviser and Waterstone Company Secretaries Limited as Company Secretary.

In June 2018 we were named the "Impact Company of the Year" at the 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).

Post balance sheet event

On 3rd June 2019, we announced that we had secured a £600,000 Revolving Credit Facility from a private lender, Monastery Hire and Sales Limited. Set to run for an initial 5-year term, at an interest margin of 3.5% over LIBOR. A fee of 0.1% per annum is payable on any undrawn balances. It will be used to provide flexibility to finance the acquisition and refurbishment of specialist supported housing.

On 4th June 2019, we announced the completion of the acquisition of a freehold detached bungalow in Didcot, Oxfordshire for £465,000. The property will be redeveloped and adapted to provide a high quality home with specialist support, for four adults with physical & learning disabilities. We expect the redevelopment costs and eventual rental yield to be materially in line with that of our property in Stroud, Gloucestershire.

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 largest and longest established providers who has more than 50 years of experience and expertise in the sector and currently supports more than 2,500 adults nationwide.

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 currently has a revolving credit facility and is therefore exposed to interest rate risk. It does have an ongoing requirement to fund its activities through the debt and/or equity markets for future 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 new investments with a number of transactions currently under consideration, these will be announced as they are finalised.

The director 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

Report of the Directors

For the year ended 31 March 2019

The directors present their report with the financial statements of the company and the group for the year ended 31 March 2019.

Dividends

No dividends will be distributed for the year ended 31 March 2019.

Directors

The directors shown below have held office during the whole of the period from 1 April 2018 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.

The directors are also responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

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

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 2019 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

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)
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 2019

	Notes	2019 £	2018 £
Turnover	4	135,878	102,901
Cost of sales		<u>13,607</u>	<u>26,717</u>
Gross profit		122,271	76,184
Administrative expenses		<u>286,093</u>	<u>229,223</u>
		(163,822)	(153,039)
Gain/loss on revaluation of tangible assets		<u>145,000</u>	<u>198,333</u>
Operating (loss)/profit	6	(18,822)	45,294
Interest receivable and similar income		<u>522</u>	<u>92</u>
(Loss)/Profit before taxation		(18,300)	45,386
Tax on (loss)/profit	7	<u>108</u>	<u>-</u>
(Loss)/Profit for the Financial Year		(18,408)	<u>45,386</u>
(Loss)/profit attributable to:			
Owners of the parent		<u>(18,408)</u>	<u>45,386</u>

The notes form part of these financial statements

Consolidated Other Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 £	2018 £
(Loss)/Profit for the year		<u>(18,408)</u>	<u>45,386</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(18,408)</u>	<u>45,386</u>
Total comprehensive income attributable to:			
Owners of the parent		<u>(18,408)</u>	<u>45,386</u>
Earnings per share expressed in pence per share:			
Basic	9	(0.51)p	1.38p
Diluted		<u>(0.51)p</u>	<u>1.38p</u>

The notes form part of these financial statements

Consolidated Statement of Financial Position

31 March 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	10		1,263		-
Investment property	12		3,170,000		3,025,000
			<u>3,171,263</u>		<u>3,025,000</u>
Current assets					
Debtors	13	4,363		195,995	
Cash at bank		<u>148,955</u>		<u>44,186</u>	
		<u>153,318</u>		<u>240,181</u>	
Creditors					
Amounts falling due within one year	14	<u>16,683</u>		<u>18,955</u>	
Net current assets			<u>136,635</u>		<u>221,226</u>
Total assets less current liabilities			<u>3,307,898</u>		<u>3,246,226</u>
Capital and reserves					
Called up share capital	17		180,611		176,352
Share premium	18		3,412,297		3,336,476
Fair value reserve	18		313,333		168,333
Retained earnings	18		<u>(598,343)</u>		<u>(434,935)</u>
Shareholders' funds	20		<u>3,307,898</u>		<u>3,246,226</u>

The financial statements were approved by the Board of Directors 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 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Tangible assets	10		1,263		-
Investments	11		200		200
Investment property	12		3,170,000		3,025,000
			<u>3,171,463</u>		<u>3,025,200</u>
Current assets					
Debtors	13	5,456		197,089	
Cash at bank		<u>148,466</u>		<u>43,697</u>	
		<u>153,922</u>		<u>240,786</u>	
Creditors					
Amounts falling due within one year	14	<u>16,674</u>		<u>18,947</u>	
Net current assets			<u>137,248</u>		<u>221,839</u>
Total assets less current liabilities			<u>3,308,711</u>		<u>3,247,039</u>
Capital and reserves					
Called up share capital	17		180,611		176,352
Share premium	18		3,412,297		3,336,476
Fair value reserve	18		313,333		168,333
Retained earnings	18		<u>(597,530)</u>		<u>(434,122)</u>
Shareholders' funds	20		<u>3,308,711</u>		<u>3,247,039</u>
Company's (loss)/profit for the financial year			<u>(18,408)</u>		<u>47,466</u>

The financial statements were approved by the Board of Directors 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 2019

	Called up Share Capital £	Retained Earnings £	Share Premium £	Fair value reserve £	Total Equity £
Balance at 1 April 2017	164,511	(311,988)	3,125,714	-	2,978,237
Changes in equity					
Issue of share capital	11,841	-	210,762	-	222,603
Total comprehensive income	-	(122,947)	-	168,333	45,386
Balance at 31 March 2018	<u>176,352</u>	<u>(434,935)</u>	<u>3,336,476</u>	<u>168,333</u>	<u>3,246,226</u>
Changes in equity					
Issue of share capital	4,259	-	75,821	-	80,080
Total comprehensive income	-	(163,408)	-	145,000	(18,408)
Balance at 31 March 2019	<u>180,611</u>	<u>(598,343)</u>	<u>3,412,297</u>	<u>313,333</u>	<u>3,307,898</u>

Company Statement of Changes in Equity

For the year ended 31 March 2019

	Called up Share Capital £	Retained Earnings £	Share Premium £	Fair value reserve £	Total Equity £
Balance at 1 April 2017	164,511	(313,255)	3,125,714	-	2,976,970
Changes in equity					
Issue of share capital	11,841	-	210,762	-	222,603
Total comprehensive income	-	(120,867)	-	168,333	47,466
Balance at 31 March 2018	<u>176,352</u>	<u>(434,122)</u>	<u>3,336,476</u>	<u>168,333</u>	<u>3,247,039</u>
Changes in equity					
Issue of share capital	4,259	-	75,821	-	80,080
Total comprehensive income	-	(163,408)	-	145,000	(18,408)
Balance at 31 March 2019	<u>180,611</u>	<u>(597,530)</u>	<u>3,412,297</u>	<u>313,333</u>	<u>3,308,711</u>

The notes form part of these financial statements

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	(165,603)	(152,517)
Tax paid		(9)	(562)
Net cash from operating activities		<u>(165,612)</u>	<u>(153,079)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,894)	-
Purchase of investment property		-	(676,667)
Interest received		522	92
Net cash from investing activities		<u>(1,372)</u>	<u>(676,575)</u>
Cash flows from financing activities			
Share issue		4,259	11,840
Share premium paid		267,494	19,089
Net cash from financing activities		<u>271,753</u>	<u>30,929</u>
Increase/(decrease) in cash and cash equivalents		104,769	(798,725)
Cash and cash equivalents at beginning of year	2	<u>44,186</u>	<u>842,911</u>
Cash and cash equivalents at end of year	2	<u>148,955</u>	<u>44,186</u>

The notes form part of these financial statements

Notes to the Consolidated Statement of Cash Flows

For the year ended 31 March 2019

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

	2019	2018
	£	£
(Loss)/profit before taxation	(18,300)	45,386
Depreciation charges	631	-
Gain on revaluation of fixed assets	(145,000)	(198,333)
Finance income	(522)	(92)
	<u>(163,191)</u>	<u>(153,039)</u>
Decrease/(increase) in trade and other debtors	(41)	428
(Decrease)/increase in trade and other creditors	(2,371)	94
	<u>(165,603)</u>	<u>(152,517)</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 2019

	31/3/19	1/4/18
	£	£
Cash and cash equivalents	<u>148,955</u>	<u>44,186</u>

Year ended 31 March 2018

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

The notes form part of these financial statements

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

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 2019.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. the company's loss for the year was £18,301 (2018: profit £47,466).

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

Turnover

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

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	-	Straight line over 3 years
Computer equipment	-	Straight line over 3 years

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

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. Critical accounting judgements and key sources of estimation uncertainty

There are no critical accounting judgement or estimates.

4. Turnover

The turnover and loss (2018 - profit) before taxation are attributable to the one principal activity of the group.

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

	2019	2018
	£	£
UK Property income	135,878	102,901
	135,878	102,901

5. Employees and directors

	2019	2018
	£	£
Wages and salaries	108,000	108,000
Social security costs	8,475	8,547
	116,475	116,547

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

	2019	2018
Management	3	3

	2019	2018
	£	£
Directors' remuneration	108,000	108,000

6. Operating (loss)/profit

The operating loss (2018 - operating profit) is stated after charging:

	2019	2018
	£	£
Depreciation - owned assets	631	-
Auditors' remuneration	10,800	10,800
Operating lease rentals	-	7,170

7. Taxation

Analysis of the tax charge

The tax charge on the loss for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	<u>108</u>	-
Tax on (loss)/profit	<u>108</u>	-

UK corporation tax has been charged at 19%.

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
(Loss)/profit before tax	<u>(18,300)</u>	<u>45,386</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	(3,477)	8,623
Effects of:		
Expenses not deductible for tax purposes	222	-
REIT exempt income	(27,649)	(8,614)
Capital allowances in excess of depreciation	(240)	-
Utilisation of tax losses	-	(9)
Adjustments to tax charge in respect of previous periods	8	-
Unused tax losses	<u>31,028</u>	-
Total tax charge	<u>108</u>	-

The Company and its subsidiaries operate as a UK Group REIT. Subject to continuing compliance with certain rules, the UK REIT rules exempt the profits of the Group's UK property rental business from UK corporation tax. Capital gains on the Group's UK properties are also generally exempt from UK corporation tax provided they are not held for trading.

8. 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.

9. 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.

	Earnings £	2019 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	<u>(18,408)</u>	<u>3,597,991</u>	<u>-0.51</u>
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	<u>(18,408)</u>	<u>3,597,991</u>	<u>-0.51</u>
	Earnings £	2018 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders	<u>45,386</u>	<u>3,291,522</u>	<u>1.38</u>
Effect of dilutive securities	-	-	-
Diluted EPS			
Adjusted earnings	<u>45,386</u>	<u>3,291,522</u>	<u>1.38</u>

10. Tangible fixed assets
Group

	Fixtures and fittings £	Computer equipment £	Totals £
Cost			
Additions	70	1,824	1,894
At 31 March 2019	70	1,824	1,894
Depreciation			
Charge for year	23	608	631
At 31 March 2019	23	608	631
Net book value			
At 31 March 2019	47	1,216	1,263
Company			
	Fixtures and fittings £	Computer equipment £	Totals £
Cost			
Additions	70	1,824	1,894
At 31 March 2019	70	1,824	1,894
Depreciation			
Charge for year	23	608	631
At 31 March 2019	23	608	631
Net book value			
At 31 March 2019	47	1,216	1,263

11. Fixed asset investments**Company**

**Unlisted
investments
£**

Cost

At 1 April 2018

and 31 March 2019

200

Net book value

At 31 March 2019

200

At 31 March 2018

200

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

Class of shares:

Ordinary

**%
holding**

100.00

Walls & Futures (LP) Ltd

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

Nature of business: Investment Company

Class of shares:

Ordinary

**%
holding**

100.00

Walls & Futures (GP) Ltd

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

Nature of business: Investment Company

Class of shares:

Ordinary

**%
holding**

100.00

12. Investment property Group and Company

	Total £
Fair value	
At 1 April 2018	3,025,000
Revaluations	<u>145,000</u>
At 31 March 2019	<u>3,170,000</u>
Net book value	
At 31 March 2019	<u>3,170,000</u>
At 31 March 2018	<u>3,025,000</u>

Group and Company

The properties are valued at fair value. The valuation at the year-end was carried out by John D Wood, professional valuers as at 31st December 2018. In the year there was an increase in the fair value by £145,000 included in the Income Statement. The directors consider there were no material movements between 31st December 2018 and 31st March 2019.

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

Fair value at 31 March 2019 is represented by:

	£
Cost	2,856,667
Revaluation	<u>313,333</u>
	<u>3,170,000</u>

13. Debtors: amounts falling due within one year

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Other debtors	3,321	194,993	3,100	194,773
Amounts due from group company	-	-	1,314	1,314
Prepayments	1,042	1,002	1,042	1,002
	<u>4,363</u>	<u>195,995</u>	<u>5,456</u>	<u>197,089</u>

14. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Tax	99	-	99	-
Social security and other taxes	-	3,295	-	3,295
Other creditors	8	8	-	-
Accrued expenses	<u>16,575</u>	<u>15,652</u>	<u>16,575</u>	<u>15,652</u>
	<u>16,683</u>	<u>18,955</u>	<u>16,674</u>	<u>18,947</u>

15. Leasing agreements

Minimum lease payments fall due as follows:

Group**Non-cancellable operating leases**

	2019	2018
	£	£
Within one year	<u>6,199</u>	<u>6,199</u>

Company**Non-cancellable operating leases**

	2019	2018
	£	£
Within one year	<u>6,199</u>	<u>6,199</u>

16. Financial instruments

	2019	2018
	£	£
Carrying amount of financial instruments		
Debt instruments measured at amortised cost	3,100	195,775
Carrying amount of financial liabilities		
Measured at amortised cost	16,575	15,652

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

Number:	Class:	Nominal value:	2019	2018
			£	£
3,612,229	Share capital 1	5p	180,611	176,352

On 23 May 2018, 85,192 ordinary shares of £0.05 each were issued at a price of £0.94 per share.

18. Reserves**Group**

	Retained Earnings	Share Premium	Fair value reserve	Totals
	£	£	£	£
At 1 April 2018	(434,935)	3,336,476	168,333	3,069,874
Deficit for the year	(18,408)			(18,408)
Cash share issue	-	75,821	-	75,821
Transfer to Fair Value reserve	(145,000)	-	145,000	-
At 31 March 2019	(598,343)	3,412,297	313,333	3,127,287

Company

	Retained Earnings	Share Premium	Fair value reserve	Totals
	£	£	£	£
At 1 April 2018	(434,122)	3,336,476	168,333	3,070,687
Deficit for the year	(18,408)			(18,408)
Cash share issue	-	75,821	-	75,821
Transfer to Fair Value reserve	(145,000)	-	145,000	-
At 31 March 2019	(597,530)	3,412,297	313,333	3,128,100

19. Related party disclosures

During the year, the group made payments of £10,836 (2018: £4,142) 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.

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

	2019	2018
	£	£
(Loss)/profit for the financial year	(18,408)	45,386
Cost of shares issued	4,259	11,840
Premium on shares issued	75,821	210,763
	<hr/>	<hr/>
Net addition to shareholders' funds	61,672	267,989
Opening shareholders' funds	3,246,226	2,978,237
	<hr/>	<hr/>
Closing shareholders' funds	3,307,898	3,246,226

Company

	2019	2018
	£	£
(Loss)/profit for the financial year	(18,408)	47,466
Cost of shares issued	4,259	11,840
Premium on shares issued	75,821	210,763
	<hr/>	<hr/>
Net addition to shareholders' funds	61,672	270,069
Opening shareholders' funds	3,247,039	2,976,970
	<hr/>	<hr/>
Closing shareholders' funds	3,308,711	3,247,039

21. Post balance sheet events

The Company has secured the provision of a £600,000 revolving credit facility from a private lender which is secured through a charge on 54 Elsenham Street and also completed the acquisition of a freehold semi-detached bungalow in Didcot for £465,000.

Consolidated Trading and Profit and Loss Account

For The Year Ended 31 March 2019

	2019		2018	
	£	£	£	£
Sales		135,878		102,901
Cost of sales				
Asset Management Fees	7,843		5,734	
Utilities	239		239	
Repairs and renewals	5,525		20,744	
		13,607		26,717
Gross profit		122,271		76,184
Other income				
Deposit account interest	522		44	
Inland Revenue interest received	-		48	
		522		92
		122,793		76,276
Gain/loss on revaluation of assets				
Gain/loss on revaluation of tangible assets		145,000		198,333
		267,793		274,609
Expenditure				
Rates and water	14,491		16,479	
Directors' salaries	108,000		108,000	
Directors' social security	8,475		8,547	
Training and recruitment	-		167	
Telephone	2,377		2,604	
Post, printing and stationery	2,541		1,511	
Advertising	31,696		2,179	
Travelling	1,170		3,096	
Subscriptions	12,271		15,880	
Computer costs	1,781		2,139	
Cleaning	411		733	
Business insurance	3,243		2,884	
Sundry expenses	1,658		1,269	

	2019		2018	
	£	£	£	£
Valuation fees	2,853		1,080	
Accountancy	8,181		5,259	
Payroll	341		339	
No description	777		-	
Consultancy fees	13,531		15,600	
Legal and professional fees	59,568		30,455	
Auditors' remuneration	10,800		10,800	
Entertainment	1,169		-	
		<u>285,334</u>		<u>229,021</u>
		(17,541)		45,588
Finance costs				
Bank charges	128		168	
Credit card	-		34	
		<u>128</u>		<u>202</u>
Carried forward		(17,669)		45,386
Brought forward		(17,669)		45,386
Depreciation				
Fixtures and fittings	23		-	
Computer equipment	608		-	
		<u>631</u>		<u>-</u>
Net (loss)/profit		<u>(18,300)</u>		<u>45,386</u>

Company Information

Directors:	J K McTaggart D P White P A Wylie
Company Secretary:	Waterstone Company Secretaries Limited
Registered office:	3rd Floor 111 Buckingham Palace Road London SW1W 0SR
Registered number:	10071765 (England and Wales)
Auditors:	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD

