

WILLIAM PEARS GROUP LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2016

WILLIAM PEARS GROUP LIMITED

COMPANY INFORMATION

DIRECTORS

Mr M A Pears CBE
Mr T S Pears CMG
Mr D A Pears
WPG Registrars Limited

COMPANY SECRETARY

Mr W F Bennett

REGISTERED NUMBER

8476364

REGISTERED OFFICE

Ground Floor
30 City Road
London
EC1Y 2AB

INDEPENDENT AUDITORS

Arram Berlyn Gardner LLP
Chartered Accountants & Statutory Auditor
Ground Floor
30 City Road
London
EC1Y 2AB

WILLIAM PEARS GROUP LIMITED

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WILLIAM PEARS GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 APRIL 2016

INTRODUCTION

The directors present their report and financial statements for the year ended 30 April 2016.

BUSINESS REVIEW

The Directors are pleased to report a year of positive progress.

During the year interest received from lending to non-group companies increased by 4% to £30.2m (2015 - £29.1m). The total loans to non-group companies at the year end were £368.1m (2015 - £419.5m). The directors are looking for opportunities to expand this area of the Group's business.

Net rental income from continuing operations decreased by 1% to £20.7m (2015 - £20.9m), and the valuation of the investment property portfolio from continuing operations increased by £9m to £346m.

The Group has a strong balance sheet and net liquid funds. The Directors therefore consider the Group is well positioned for business in the future.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the group's strategy are subject to a number of risks.

The principal risks for the Group are a reduction in the values of properties and of the Group's short term investments, loans and advances.

CREDIT RISK

This is the risk that counterparties will be unable or unwilling to meet their obligations to the Group as they fall due. It arises from lending transactions. The Board seeks to mitigate credit risk by focussing on niche market segments where it has specific expertise, through limiting exposures, by maintaining detailed lending policies and through rigorous underwriting processes.

LIQUIDITY RISK

This is the risk that the Group is not able to meet its financial obligations as they fall due, or can do so only at excessive cost. The company finances its operations through retained reserves and new lending is financed from cash available.

OPERATIONAL RISK

This is the risk of loss arising from inadequate or failed internal process or systems, human error or external events. Operational risk is managed by senior management having responsibility for understanding how operational risk impacts within their business area and for putting in place appropriate controls and other mitigating factors.

INTEREST RATE RISK

This is the risk that the value of the Group's assets and liabilities or profitability will fluctuate because of changes in market rate. The Group manages interest rate risk by lending to borrowers at commercial rates of interest and accepts the risk that this entails.

WILLIAM PEARS GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2016**

FINANCIAL KEY PERFORMANCE INDICATORS

The Group's key performance indicators during the year were as follows:

| | |
|----------------------------|----------------------------------|
| Turnover | £78.6m (2015: £83.2m) |
| Profit after tax | £78.4m (2015: £62.8m restated) |
| Equity shareholders' funds | £929.2m (2015: £850.8m restated) |

This report was approved by the board on 26 January 2017 and signed on its behalf.

.....
Mr D A Pears
Director

WILLIAM PEARS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2016

The directors present their report and the financial statements for the year ended 30 April 2016.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and 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.

PRINCIPAL ACTIVITIES

The Group carries on the business of money lending, property investment and dealing; and equity investment.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £78.4m (2015 - £62.8m).

Dividends amounting to £75,000 (2015 - £75,000) in respect of the ordinary shares were paid during the year under review.

DIRECTORS

The directors who served during the year were:

Mr M A Pears CBE
Mr T S Pears CMG
Mr D A Pears
WPG Registrars Limited

FUTURE DEVELOPMENTS

The Group has a strong balance sheet which will position the Group well for business in the future. The directors expect the lending element of the Group's business to expand in the future.

WILLIAM PEARS GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 APRIL 2016

FINANCIAL INSTRUMENTS

The Group's financial instruments comprise loans, some cash in liquid resources and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are liquidity and interest rate risks. The Group finances its operations through a mixture of retained profits, sales of trading properties and loans from related companies. Liquidity risk is managed by maintaining a balance between continuity of bank funding and flexibility through the use of loans from related companies.

The Group's policy is to lend to related companies at commercial rates of interest and the Group accepts the risk that this entails.

EMPLOYEE INVOLVEMENT

The Group employed an average of 125 people (2015: 123) during the year.

It is the Group's policy to treat its employees without discrimination and to operate equal opportunity and employment practices designed to achieve this.

The Group has an open and honest working environment and offers challenging, well rewarded jobs to its employees. The group also invests in its employees' training and development.

DISABLED EMPLOYEES

It is the Group's policy to give full and fair consideration to applications for employment made by disabled persons, to continue, wherever possible, the employment of staff who become disabled and to provide equal opportunities for the training and career development of disabled employees.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

WILLIAM PEARS GROUP LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2016**

AUDITORS

The auditors, Arram Berlyn Gardner LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 26 January 2017 and signed on its behalf.

Mr W F Bennett
Secretary

WILLIAM PEARS GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WILLIAM PEARS GROUP LIMITED

We have audited the financial statements of William Pears Group Limited for the year ended 30 April 2016, set out on pages 8 to 47. The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2006 and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 Auditors' 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 Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

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 30 April 2016 and of the Group's profit or loss 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 Group strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with those financial statements.

WILLIAM PEARS GROUP LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF WILLIAM PEARS GROUP LIMITED
(CONTINUED)**

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 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.

Julie Piper (Senior statutory auditor)
for and on behalf of
Arram Berlyn Gardner LLP
Chartered Accountants
Statutory Auditor
London

27 January 2017

WILLIAM PEARS GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2016**

| | Note | 2016 £000 | As restated 2015 £000 |
|---|------|--------------|-----------------------------|
| TURNOVER | | | |
| Continuing operations | 4 | 78,566 | 83,166 |
| Group and share of joint ventures' turnover | | 43,249 | 67,361 |
| Less: share of joint ventures' turnover | | (43,249) | (67,361) |
| | | 78,566 | 83,166 |
| GROUP TURNOVER | | | |
| Cost of sales | | (17,042) | (18,777) |
| | | 61,524 | 64,389 |
| GROSS PROFIT | | | |
| Administrative expenses | | (31,611) | (32,482) |
| Exceptional administrative expenses | | (12,414) | (22,132) |
| Profit on sale of investment properties | 5 | 7,918 | 1,966 |
| Fair value movements | | 48,775 | 36,716 |
| | | 74,192 | 48,457 |
| OPERATING PROFIT | | | |
| Share of profit of joint venture | | 8,174 | 14,899 |
| Share of profit of associates | | 548 | 1,786 |
| | | 82,914 | 65,142 |
| TOTAL OPERATING PROFIT | | | |
| Income from fixed assets investments | 9 | 441 | 384 |
| Amounts written off investments | | (127) | - |
| Interest receivable and similar income | 10 | 14,989 | 14,090 |
| Interest payable and similar charges | 11 | (4,954) | (5,058) |
| | | 93,263 | 74,558 |
| PROFIT BEFORE TAXATION | | | |
| Tax on profit | 12 | (14,819) | (11,746) |
| | | 78,444 | 62,812 |
| PROFIT FOR THE YEAR | | | |
| | | 78,444 | 62,812 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | | |
| | | 78,444 | 62,812 |
| PROFIT FOR THE YEAR ATTRIBUTABLE TO: | | | |
| Owners of the parent Company | | 78,444 | 62,812 |
| | | 78,444 | 62,812 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO: | | | |
| Owners of the parent Company | | 78,444 | 62,812 |
| | | 78,444 | 62,812 |
| | | 78,444 | 62,812 |

The notes on pages 17 to 47 form part of these financial statements.

WILLIAM PEARS GROUP LIMITED
REGISTERED NUMBER:8476364

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2016

| | Note | 2016 £000 | 2016 £000 | As restated 2015 £000 | As restated 2015 £000 |
|---|------|--------------|-----------------|-----------------------------|-----------------------------|
| FIXED ASSETS | | | | | |
| Intangible assets | 15 | | (292) | | (78) |
| Tangible assets | 16 | | 3,931 | | 3,667 |
| Investments | 17 | | 221,859 | | 211,616 |
| Investment property | 19 | | 345,910 | | 336,934 |
| | | | <u>571,408</u> | | <u>552,139</u> |
| CURRENT ASSETS | | | | | |
| Stocks | 20 | 110,986 | | 81,015 | |
| Debtors: amounts falling due after more than one year | 21 | - | | 2,756 | |
| Debtors: amounts falling due within one year | 21 | 372,901 | | 351,331 | |
| Current asset investments | 22 | 175,247 | | 145,809 | |
| Cash at bank and in hand | | 65,994 | | 97,057 | |
| | | | <u>725,128</u> | <u>677,968</u> | |
| Creditors: amounts falling due within one year | 23 | (315,862) | | (313,480) | |
| NET CURRENT ASSETS | | | 409,266 | | 364,488 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>980,674</u> | | <u>916,627</u> |
| Creditors: amounts falling due after more than one year | 24 | | (3,241) | | (26,016) |
| PROVISIONS FOR LIABILITIES | | | | | |
| Deferred taxation | 27 | (48,239) | | (39,786) | |
| | | | <u>(48,239)</u> | <u>(39,786)</u> | |
| NET ASSETS | | | <u>929,194</u> | | <u>850,825</u> |

WILLIAM PEARS GROUP LIMITED
REGISTERED NUMBER:8476364

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 APRIL 2016

| | Note | 2016 £000 | 2015 £000 |
|--|------|--------------|--------------|
| CAPITAL AND RESERVES | | | |
| Called up share capital | 28 | 2 | 2 |
| Capital redemption reserve | 29 | 7,245 | 7,245 |
| Investment property reserve | 29 | 210,344 | 181,934 |
| Profit and loss account | 29 | 711,603 | 661,644 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY | | 929,194 | 850,825 |
| TOTAL EQUITY | | 929,194 | 850,825 |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 January 2017.

.....

Mr D A Pears

Director

The notes on pages 17 to 47 form part of these financial statements.

WILLIAM PEARS GROUP LIMITED
REGISTERED NUMBER:8476364

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2016

| | Note | 2016 £000 | 2016 £000 | As restated 2015 £000 | As restated 2015 £000 |
|--|------|--------------|--------------------|-----------------------------|-----------------------------|
| FIXED ASSETS | | | | | |
| Investments | 17 | | 937,642 | | 937,042 |
| | | | <u>937,642</u> | | <u>937,042</u> |
| CURRENT ASSETS | | | | | |
| Debtors: amounts falling due within one year | 21 | 3,614 | | 4,055 | |
| Cash at bank and in hand | | 6 | | 39 | |
| | | <u>3,620</u> | | <u>4,094</u> | |
| Corporation tax | | (32) | | (33) | |
| NET CURRENT ASSETS | | | 3,588 | | 4,061 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>941,230</u> | | <u>941,103</u> |
| NET ASSETS | | | <u>941,230</u> | | <u>941,103</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 28 | | 2 | | 2 |
| Profit and loss account | 29 | | 941,228 | | 941,101 |
| TOTAL EQUITY | | | <u>941,230</u> | | <u>941,103</u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 26 January 2017.

.....
Mr D A Pears

Director

WILLIAM PEARS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2016

| | Called up share capital | Capital redemption reserve | Investment property revaluation reserve | Profit and loss account | Total equity |
|--|----------------------------|----------------------------------|--|----------------------------|--------------|
| | £000 | £000 | £000 | £000 | £000 |
| At 1 May 2015 (as previously stated) | 2 | 7,245 | 220,803 | 661,644 | 889,694 |
| Transitional adjustment | - | - | (38,869) | - | (38,869) |
| At 1 May 2015 (as restated) | 2 | 7,245 | 181,934 | 661,644 | 850,825 |
| COMPREHENSIVE INCOME FOR THE YEAR | | | | | |
| Profit for the year | - | - | - | 78,444 | 78,444 |
| Transfer realised gains to retained earnings | - | - | (9,630) | 9,630 | - |
| Transfer deferred tax | - | - | (8,453) | 8,453 | - |
| Transfer revaluation during the year | - | - | 49,772 | (49,772) | - |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | - | - | 31,689 | (31,689) | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | - | - | 31,689 | 46,755 | 78,444 |
| Dividends: Equity capital | - | - | - | (75) | (75) |
| Transfer to/from profit and loss account | - | - | - | 3,279 | 3,279 |
| Transfer from revaluation reserve | - | - | (3,279) | - | (3,279) |
| AT 30 APRIL 2016 | 2 | 7,245 | 210,344 | 711,603 | 929,194 |

WILLIAM PEARS GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2015

| | Called up share capital £000 | Capital redemption reserve £000 | Investment property revaluation reserve £000 | Profit and loss account £000 | Total equity £000 |
|--|------------------------------------|--|--|------------------------------------|----------------------|
| At 1 May 2014 (as previously stated) | 2 | 7,247 | 188,690 | 626,341 | 822,280 |
| Transitional adjustment | - | - | (34,192) | - | (34,192) |
| At 1 May 2014 (as restated) | 2 | 7,247 | 154,498 | 626,341 | 788,088 |
| COMPREHENSIVE INCOME FOR THE YEAR | | | | | |
| Profit for the year | - | - | - | 62,812 | 62,812 |
| Transfer realised gains to retained earnings | - | - | (4,472) | 4,472 | - |
| Transfer deferred tax | - | - | (4,677) | 4,677 | - |
| Transfer revaluation during the year | - | - | 36,585 | (36,585) | - |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | - | - | 27,436 | (27,436) | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | - | - | 27,436 | 35,376 | 62,812 |
| Dividends: Equity capital | - | - | - | (75) | (75) |
| Transfer to/from profit and loss account | - | (2) | - | 2 | - |
| AT 30 APRIL 2015 | 2 | 7,245 | 181,934 | 661,644 | 850,825 |

The notes on pages 17 to 47 form part of these financial statements.

WILLIAM PEARS GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2016**

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|----------------|
| | £000 | £000 | £000 |
| At 1 May 2015 | 2 | 941,101 | 941,103 |
| COMPREHENSIVE INCOME FOR THE YEAR | | | |
| Profit for the year | - | 202 | 202 |
| | - | 202 | 202 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | | |
| Dividends: Equity capital | - | (75) | (75) |
| AT 30 APRIL 2016 | 2 | 941,228 | 941,230 |

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2015**

| | Called up share capital | Profit and loss account | Total equity |
|--|----------------------------|----------------------------|----------------|
| | £000 | £000 | £000 |
| At 1 May 2014 | 2 | 940,977 | 940,979 |
| COMPREHENSIVE INCOME FOR THE YEAR | | | |
| Profit for the year | - | 199 | 199 |
| | - | 199 | 199 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | | |
| Dividends: Equity capital | - | (75) | (75) |
| AT 30 APRIL 2015 | 2 | 941,101 | 941,103 |

The notes on pages 17 to 47 form part of these financial statements.

WILLIAM PEARS GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2016**

| | 2016 | As restated |
|---|-----------------|--------------------|
| | £000 | 2015 |
| | | £000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit for the year | 78,444 | 62,812 |
| ADJUSTMENTS FOR: | | |
| Amortisation of intangible assets | 214 | 227 |
| Depreciation of tangible assets | 676 | 712 |
| Profit on disposal of tangible assets | (11) | (2) |
| Interest payable and similar charges | 4,954 | 5,058 |
| Interest receivable and similar income | (14,989) | (14,090) |
| Taxation | 14,819 | 11,746 |
| Increase in stocks | (29,971) | (3,182) |
| (Increase)/decrease in debtors | (18,818) | 28,175 |
| (Decrease)/increase in creditors | (3,041) | 17,572 |
| Net fair value gains recognised in P&L | (48,775) | (36,716) |
| Share of operating profit in joint ventures | (8,174) | (14,899) |
| Share of operating profit in associates | (548) | (1,786) |
| Corporation tax | (4,797) | (4,121) |
| Foreign exchange movement | 93 | - |
| Income from investments | (441) | (384) |
| Profit on sale of investment properties | (7,918) | (1,966) |
| Unlisted investments -amounts written off | 127 | - |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | (38,156) | 49,156 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of tangible fixed assets | (1,057) | (180) |
| Sale of tangible fixed assets | 128 | 40 |
| Purchase of investment properties | (13,066) | (3,436) |
| Sale of investment properties | 60,827 | 16,765 |
| Purchase of short term listed investments | (29,954) | (29,945) |
| Sale of short term listed investments | - | 13,425 |
| Sale of short term unlisted investments | 516 | 5 |
| Sale of trade investments | 650 | 1,000 |
| Purchase of fixed asset investments | - | (7,487) |
| Cash received from joint venture | 6,765 | 21,383 |
| Purchase of share in associates | (11,041) | - |
| Sale of share in associates | 1,845 | 2,336 |
| Interest receivable and similar income | 14,989 | 14,090 |
| Income from investments | 441 | 384 |
| NET CASH FROM INVESTING ACTIVITIES | 31,043 | 28,380 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| New secured loans | - | 3,353 |
| Repayment of loans | (19,019) | (2,548) |

WILLIAM PEARS GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2016**

| | 2016 | As restated |
|---|-----------------|--------------------|
| | £000 | 2015 |
| | | £000 |
| Other new loans | - | 1 |
| Dividends paid | (75) | (75) |
| Interest payable and similar charges | (4,954) | (5,058) |
| NET CASH USED IN FINANCING ACTIVITIES | (24,048) | (4,327) |
| (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (31,161) | 73,209 |
| Cash and cash equivalents at beginning of year | 96,995 | 23,786 |
| CASH AND CASH EQUIVALENTS AT THE END OF YEAR | 65,834 | 96,995 |
| CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE: | | |
| Cash at bank and in hand | 65,994 | 97,057 |
| Bank overdrafts | (160) | (62) |
| | 65,834 | 96,995 |

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

1. GENERAL INFORMATION

William Pears Group Limited is a company limited by shares incorporated in England and Wales. The registered office is Ground Floor, 30 City Road, London, EC1Y 2AB.

2. ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the recognition of certain financial assets and liabilities measured at fair value and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 36.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Group and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 May 2014.

A past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The Consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the Consolidated statement of financial position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

2.4 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing these financial statements.

2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received.

2.6 Property transactions

Purchases and sales of properties are included on the basis of completions occurring during the year.

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

| | | |
|------------------------------|---|---|
| Freehold land | - | No depreciation |
| Freehold building | - | 2-4% straight line |
| Leasehold land and buildings | - | Over lease term |
| Motor vehicles | - | 25% Reducing balance |
| Fixtures & fittings | - | 15% Reducing balance |
| Office equipment | - | 15% Reducing balance |
| Computer equipment | - | 25% Reducing balance or 3 years straight line |

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.10 Investment property

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of comprehensive income.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of financial position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.12 Stocks

Stocks of properties are valued at the lower of cost and net realisable value.

At each reporting date, inventories are assessed for impairment. If property is impaired, the carrying amount is reduced to its selling price less cost to complete and sell. The impairment loss is recognised immediately in income statement.

All repairs, maintenance costs and renewals are written off as incurred.

Certain refurbishment costs which are part of major property refurbishment programmes may, depending on the nature of the works being undertaken, be capitalised in the balance sheets as part of property stock.

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.14 Cash and cash equivalents

Cash is represented by 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.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.15 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

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.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (continued)

derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.17 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.18 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.20 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 May 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.21 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.22 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.23 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.24 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

2. ACCOUNTING POLICIES (CONTINUED)

2.25 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.26 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group and Company's significant accounting policies are stated in note 2 above. Not all of these accounting policies require management to make subjective or complex judgments or estimates. The following is intended to provide further detail relating to those accounting policies that management consider critical because of the level of complexity, judgment or estimation involved in their application and their impact on the financial statements.

(i) Property

The Group's trading property is carried in the statement of financial position at the lower of cost and estimated selling price less costs to complete and sell. Provision is made to write down properties to fair value if this is below cost.

The Group's investment property is carried in the statement of financial position at fair value.

The valuation methodology described below determines the fair value of property.

Properties held in the residential and commercial portfolios were valued by the in-house surveyors at Managing Agents employed by the Group. These valuations were reviewed and approved by the directors.

For residential property, the Managing Agent's own qualified surveying team provided a vacant possession value and also recommend the discount to apply to the vacant possession valuations to establish the market value of each property. The discounts are established by tenancy type and are based on evidence gathered from recent transactional market evidence.

Similarly, for Commercial property, the Managing Agent's own qualified surveyors recommend the yield to be applied to the Estimated Rental Value ("ERV") based on the type of property and location to establish the market value of each property.

However, if any assumptions made by the Managing Agent's valuers prove to be incorrect, this may mean that the value of the Group's properties differs from their valuation reported in the financial statements, which could have a material effect on the Group's financial position.

(ii) Impairment of debtors

The Group makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of loans and advances, management considers the assets that the borrower has available to repay its debts.

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

4. TURNOVER

An analysis of turnover by class of business is as follows:

| | 2016 £000 | 2015 £000 |
|---------------------|----------------------|----------------------|
| Rent receivable | 25,742 | 26,201 |
| Property sales | 14,175 | 19,461 |
| Other activities | 8,408 | 8,448 |
| Interest receivable | 30,241 | 29,056 |
| | <u>78,566</u> | <u>83,166</u> |

Analysis of turnover by country of destination:

| | 2016 £000 | 2015 £000 |
|-------------------|----------------------|----------------------|
| United Kingdom | 77,181 | 81,678 |
| Rest of the world | 1,385 | 1,488 |
| | <u>78,566</u> | <u>83,166</u> |

5. PROFIT ON SALE OF INVESTMENT PROPERTIES

| | 2016 £000 | 2015 £000 |
|--|----------------------|----------------------|
| Sale of investment properties | 60,827 | 16,765 |
| Historical cost | (43,279) | (10,327) |
| | <u>17,548</u> | <u>6,438</u> |
| Prior years revaluation surplus realised | (9,630) | (4,472) |
| | <u>7,918</u> | <u>1,966</u> |

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

6. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

| | 2016 | 2015 |
|---|---------------|---------------|
| | £000 | £000 |
| Depreciation of tangible fixed assets | 676 | 712 |
| Amortisation of intangible assets, including goodwill | 214 | 227 |
| Fees payable to the Group's auditor and its associates for the audit of the Company's annual financial statements | 2 | 2 |
| Fees payable to the Group's auditor and its associates for other services to the Group: | | |
| - The audit of the Group's subsidiaries pursuant to legislation | 170 | 146 |
| Exchange differences | (8,520) | 7 |
| Other operating lease rentals | 953 | 854 |
| Defined contribution pension cost | 281 | 271 |
| Exceptional administrative expenses | 12,414 | 22,132 |
| | 12,414 | 22,132 |

Exceptional administrative expenses represent impairment charges on loans and advances totalling £12,414,000 (2015: £22,132,000)

7. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

| | 2016 | 2015 |
|-------------------------------------|---------------|---------------|
| | £000 | £000 |
| Wages and salaries | 14,015 | 12,457 |
| Social security costs | 1,797 | 1,606 |
| Cost of defined contribution scheme | 281 | 271 |
| | 16,093 | 14,334 |

The average monthly number of employees, including the directors, during the year was as follows:

| | 2016 | 2015 |
|----------------------|-------------|-------------|
| | No. | No. |
| Administrative staff | 125 | 123 |
| | 125 | 123 |

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

8. DIRECTORS' REMUNERATION

| | 2016 £000 | 2015 £000 |
|-----------------------|----------------------|----------------------|
| Directors' emoluments | 6,000 | 6,000 |
| | <u>6,000</u> | <u>6,000</u> |
| | <u><u>6,000</u></u> | <u><u>6,000</u></u> |

The highest paid director received remuneration of £2,000,000 (2015 - £2,000,000).

Number of directors to whom retirement benefits are accruing:-

| | 2016 No | 2015 No |
|-----------------------------|--------------------|--------------------|
| Defined contribution scheme | 3 | 3 |
| | <u>3</u> | <u>3</u> |
| | <u><u>3</u></u> | <u><u>3</u></u> |

9. INCOME FROM INVESTMENTS

| | 2016 £000 | 2015 £000 |
|-------------------------------------|----------------------|----------------------|
| Income from fixed asset investments | 441 | 384 |
| | <u>441</u> | <u>384</u> |
| | <u><u>441</u></u> | <u><u>384</u></u> |

10. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2016 £000 | 2015 £000 |
|---------------------------|----------------------|----------------------|
| Other interest receivable | 14,989 | 14,090 |
| | <u>14,989</u> | <u>14,090</u> |
| | <u><u>14,989</u></u> | <u><u>14,090</u></u> |

11. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2016 £000 | 2015 £000 |
|-----------------------------|----------------------|----------------------|
| Bank interest payable | 671 | 1,138 |
| Other loan interest payable | 4,196 | 3,892 |
| Other interest payable | 87 | 28 |
| | <u>4,954</u> | <u>5,058</u> |
| | <u><u>4,954</u></u> | <u><u>5,058</u></u> |

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

12. TAXATION

| | 2016 | 2015 |
|--|---------------|---------------|
| | £000 | £000 |
| CORPORATION TAX | | |
| Current tax on profits for the year | 4,639 | 6,162 |
| Adjustments in respect of previous periods | 77 | (51) |
| | <u>4,716</u> | <u>6,111</u> |
| FOREIGN TAX | | |
| Foreign tax on income for the year | 98 | 92 |
| | <u>98</u> | <u>92</u> |
| TOTAL CURRENT TAX | <u>4,814</u> | <u>6,203</u> |
| DEFERRED TAX | | |
| Origination and reversal of timing differences | 8,453 | 4,677 |
| Tax on realisation of gains | 1,552 | 866 |
| TOTAL DEFERRED TAX | <u>10,005</u> | <u>5,543</u> |
| TAXATION ON PROFIT ON ORDINARY ACTIVITIES | <u>14,819</u> | <u>11,746</u> |

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

12. TAXATION (CONTINUED)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 21%). The differences are explained below:

| | 2016 | As restated |
|---|---------------|--------------------|
| | £000 | 2015 |
| | | £000 |
| Profit on ordinary activities before tax | 93,263 | 74,558 |
| | <u>93,263</u> | <u>74,558</u> |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 -21%) | 18,653 | 15,657 |
| EFFECTS OF: | | |
| Non-tax deductible expenses | 67 | 206 |
| Utilisation of tax losses | (656) | - |
| Adjustments to tax charge in respect of prior periods | (520) | (51) |
| Timing difference leading to an increase in taxation | 8,490 | 4,677 |
| Non-taxable income | (3,082) | (2,307) |
| Capital gains | 1,510 | - |
| Losses carried forward | - | 1 |
| Group relief | 3 | 737 |
| Tax on previously recognised gains | 42 | 828 |
| Valuation gains not taxable | (9,962) | (7,823) |
| Other | 274 | (179) |
| | <u>14,819</u> | <u>11,746</u> |
| TOTAL TAX CHARGE FOR THE YEAR | 14,819 | 11,746 |

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There are no factors that may affect future tax charges

13. DIVIDENDS

| | 2016 | 2015 |
|----------------------------------|-------------|-------------|
| | £000 | £000 |
| Dividends paid on equity capital | 75 | 75 |
| | <u>75</u> | <u>75</u> |
| | <u>75</u> | <u>75</u> |

14. PARENT COMPANY PROFIT FOR THE YEAR

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements. The profit after tax of the parent Company for the year was £202,000 (2015 - £199,000).

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016

15. INTANGIBLE ASSETS

Group

| | Goodwill £000 | Negative goodwill £000 | Total £000 |
|-----------------------|------------------|------------------------------|---------------|
| Cost | | | |
| At 1 May 2015 | 3,504 | (980) | 2,524 |
| At 30 April 2016 | <u>3,504</u> | <u>(980)</u> | <u>2,524</u> |
| AMORTISATION | | | |
| At 1 May 2015 | 2,605 | (3) | 2,602 |
| Charge for the year | 227 | (13) | 214 |
| At 30 April 2016 | <u>2,832</u> | <u>(16)</u> | <u>2,816</u> |
| NET BOOK VALUE | | | |
| At 30 April 2016 | <u>672</u> | <u>(964)</u> | <u>(292)</u> |
| At 30 April 2015 | <u>899</u> | <u>(977)</u> | <u>(78)</u> |

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016

16. TANGIBLE FIXED ASSETS

Group

| | Motor vehicles £000 | Fixtures & fittings £000 | Total £000 |
|--------------------------|---------------------------|--------------------------------|---------------|
| COST OR VALUATION | | | |
| At 1 May 2015 | 520 | 7,448 | 7,968 |
| Additions | 265 | 792 | 1,057 |
| Disposals | (272) | - | (272) |
| At 30 April 2016 | <u>513</u> | <u>8,240</u> | <u>8,753</u> |
| DEPRECIATION | | | |
| At 1 May 2015 | 241 | 4,060 | 4,301 |
| Charge for the year | 96 | 580 | 676 |
| Disposals | (155) | - | (155) |
| At 30 April 2016 | <u>182</u> | <u>4,640</u> | <u>4,822</u> |
| NET BOOK VALUE | | | |
| At 30 April 2016 | <u>331</u> | <u>3,600</u> | <u>3,931</u> |
| At 30 April 2015 | <u>279</u> | <u>3,388</u> | <u>3,667</u> |

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016

17. FIXED ASSET INVESTMENTS

Group

| | Investments in associates £000 | Listed investments £000 | Unlisted investments £000 | Investment in joint ventures £000 | Trade investments £000 |
|-----------------------------|---|-------------------------------|---------------------------------|--|------------------------------|
| COST OR VALUATION | | | | | |
| At 1 May 2015 | 2,281 | 2 | 127 | 2,045 | 205,521 |
| Transitional adjustment | - | - | - | 1,640 | - |
| At 1 May 2015 (as restated) | 2,281 | 2 | 127 | 3,685 | 205,521 |
| Additions | 11,041 | - | - | - | - |
| Net movements in the year | (1,845) | - | - | (6,765) | (650) |
| Amounts written off | - | - | (127) | - | - |
| Share of profit | 548 | - | - | 8,041 | - |
| At 30 April 2016 | 12,025 | 2 | - | 4,961 | 204,871 |

NET BOOK VALUE

| | | | | | |
|--------------------------------|-------|---|-----|-------|---------|
| At 30 April 2015 (as restated) | 2,281 | 2 | 127 | 3,685 | 205,521 |
|--------------------------------|-------|---|-----|-------|---------|

**Total
£000**

COST OR VALUATION

| | |
|-----------------------------|---------|
| At 1 May 2015 | 209,976 |
| Transitional adjustment | 1,640 |
| At 1 May 2015 (as restated) | 211,616 |
| Additions | 11,041 |
| Net movements in the year | (9,260) |
| Amounts written off | (127) |
| Share of profit | 8,589 |
| At 30 April 2016 | 221,859 |

NET BOOK VALUE

| | |
|--------------------------------|---------|
| At 30 April 2015 (as restated) | 211,616 |
|--------------------------------|---------|

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016

17. FIXED ASSET INVESTMENTS (CONTINUED)

Company

| | Investments in subsidiary companies £000 |
|---------------------------|---|
| COST OR VALUATION | |
| At 1 May 2015 | 937,042 |
| Additions | 600 |
| At 30 April 2016 | <u>937,642</u> |
| NET BOOK VALUE | |
| At 30 April 2015 | <u><u>937,042</u></u> |

Details of the principal subsidiaries and associates can be found under note number 34.

LISTED INVESTMENTS

The market value of the listed investments at 30 April 2016 was £1,000 (2015 - £1,000).

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016

18. FIXED ASSET INVESTMENTS (CONTINUED)

ASSOCIATED UNDERTAKINGS

Associated undertakings comprise a 25% holding in MTD Underwriting LLP, a Lloyd's underwriting business incorporated in England and Wales and 25% of the equity of ASLP76, a Lloyds underwriting business incorporated in Scotland. The funds are held at Lloyds to support the underwriting business undertaken by the LLP. There is also a 25% holding in Orbit Estates Limited (registered in England) which carries on the business of property dealing.

There is also a 50% interest in the issued share capital of Talisman Properties Limited (registered in England) and the issued share capital of Goldenacre Properties Limited (registered in England) which carries on the business of property dealing.

The group's aggregate share of the joint ventures' net assets at the Balance sheet date was as follows:

| | 2016 £000 | 2015 restated £000 |
|-----------------------------|----------------------|-----------------------------------|
| Fixed assets | 3,000 | 3,000 |
| Current assets | 3,523 | 11,715 |
| | - | - |
| Due within one year or less | (1,562) | (11,030) |
| Share of net assets | <u>4,961</u> | <u>3,685</u> |

TRADE INVESTMENTS

| | Preference shares £000 | Corporate bond £000 | Total £000 |
|------------------|---------------------------------------|------------------------------------|-----------------------|
| At 1 May 2015 | 200,694 | 4,827 | 205,521 |
| Disposal | (650) | - | (650) |
| At 30 April 2016 | <u>200,044</u> | <u>4,827</u> | <u>204,871</u> |

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

19. INVESTMENT PROPERTY

Group

| | Freehold investment property £000 | Long term leasehold investment property £000 | Total £000 |
|---------------------------|--|---|-----------------------|
| VALUATION | | | |
| At 1 May 2015 | 323,912 | 13,022 | 336,934 |
| Additions at cost | 12,805 | 261 | 13,066 |
| Disposals | (44,141) | (8,768) | (52,909) |
| Fair value movement | 48,059 | 667 | 48,726 |
| Transfers between classes | 1,077 | (1,077) | - |
| Foreign exchange movement | 93 | - | 93 |
| AT 30 APRIL 2016 | 341,805 | 4,105 | 345,910 |

The 2016 valuations were made by the directors, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

| | 2016 £000 | As restated 2015 £000 |
|---------------|----------------------|--------------------------------------|
| Historic cost | 81,205 | 112,371 |
| | 81,205 | 112,371 |

20. STOCKS

| | 2016 £000 | 2015 £000 |
|---------------------------------|----------------------|----------------------|
| Freehold and leasehold property | 110,986 | 81,015 |
| | 110,986 | 81,015 |

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016

21. DEBTORS

| | Group 2016 £000 | Group 2015 £000 | Company 2016 £000 | Company 2015 £000 |
|---|-----------------------|-----------------------|-------------------------|-------------------------|
| DUE AFTER MORE THAN ONE YEAR | | | | |
| Loan accounts with family connected companies | - | 2,756 | - | - |
| | - | 2,756 | - | - |

| | Group 2016 £000 | Group As restated 2015 £000 | Company 2016 £000 | Company As restated 2015 £000 |
|---|-----------------------|--------------------------------------|-------------------------|--|
| DUE WITHIN ONE YEAR | | | | |
| Amounts owed by group undertakings | - | - | 3,614 | 4,055 |
| Loan accounts with family connected companies | 211,254 | 262,130 | - | - |
| Other debtors | 156,498 | 85,697 | - | - |
| Prepayments and accrued income | 5,100 | 3,466 | - | - |
| Tax recoverable | - | 38 | - | - |
| Financial instruments | 49 | - | - | - |
| | 372,901 | 351,331 | 3,614 | 4,055 |

22. CURRENT ASSET INVESTMENTS

| | Group 2016 £000 | Group 2015 £000 | Company 2016 £000 | Company 2015 £000 |
|----------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Listed investments | 60,622 | 30,668 | - | - |
| Unlisted investments | 114,625 | 115,141 | - | - |
| | 175,247 | 145,809 | - | - |

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

23. CREDITORS: Amounts falling due within one year

| | Group 2016 £000 | Group 2015 £000 | Company 2016 £000 | Company 2015 £000 |
|---|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Bank overdrafts | 160 | 62 | - | - |
| Bank loans | 4,560 | 821 | - | - |
| Other loans | 1 | - | - | - |
| Amounts owed to other participating interests | 277,791 | 286,838 | - | - |
| Corporation tax | 8,295 | 6,725 | 32 | 33 |
| Other taxation and social security | 257 | 77 | - | - |
| Other creditors (incl directors loans) | 18,009 | 13,024 | - | - |
| Accruals and deferred income | 6,789 | 5,933 | - | - |
| | <u>315,862</u> | <u>313,480</u> | <u>32</u> | <u>33</u> |

The family connected companies are those companies in which the directors and/or their Family Trusts have a 50% or 100% interest.

24. CREDITORS: Amounts falling due after more than one year

| | Group 2016 £000 | Group 2015 £000 | Company 2016 £000 | Company 2015 £000 |
|-----------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Bank loans | 3,201 | 25,960 | - | - |
| Other loans | - | 1 | - | - |
| Other creditors | 40 | 55 | - | - |
| | <u>3,241</u> | <u>26,016</u> | <u>-</u> | <u>-</u> |

The creditor of HK Properties (UK) Limited totalling £54,726 (2015:£71,533) is secured by a legal charge over the properties owned by that company.

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

25. LOANS

Included within the above are amounts falling due as follows:

| | Group 2016 £000 | Group 2015 £000 | Company 2016 £000 | Company 2015 £000 |
|--|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| AMOUNTS FALLING DUE WITHIN ONE YEAR | | | | |
| Bank loans | 4,560 | 821 | - | - |
| Other loans | 1 | - | - | - |
| | <u>4,561</u> | <u>821</u> | <u>-</u> | <u>-</u> |
| AMOUNTS FALLING DUE 1-2 YEARS | | | | |
| Bank loans | 93 | 826 | - | - |
| Other loans | - | 1 | - | - |
| | <u>93</u> | <u>827</u> | <u>-</u> | <u>-</u> |
| AMOUNTS FALLING DUE 2-5 YEARS | | | | |
| Bank loans | 298 | 18,172 | - | - |
| | <u>298</u> | <u>18,172</u> | <u>-</u> | <u>-</u> |
| AMOUNTS FALLING DUE AFTER MORE THAN 5 YEARS | | | | |
| Bank loans | 2,811 | 6,962 | - | - |
| | <u>2,811</u> | <u>6,962</u> | <u>-</u> | <u>-</u> |
| | <u>7,763</u> | <u>26,782</u> | <u>-</u> | <u>-</u> |

The bank loan of Clearview Properties Limited totalling £7.8m (2015:£7.9m) incurs interest at rates of 5.38% and 2.45% per annum, is repayable by monthly instalments with the balances repayable by April 2017 and February 2025 and is secured by a fixed charge over the freehold properties owned by that company.

The property of The Spires (Barnet) Limited on which a loan was secured was sold on 20th July 2015 and the loan was repaid on 12th August 2015. The loan balance at 30 April 2015 was £18.9m.

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

26. FINANCIAL INSTRUMENTS

| | Group 2016 £000 | Group 2015 £000 | Company 2016 £000 | Company 2015 £000 |
|---|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| FINANCIAL ASSETS | | | | |
| Financial assets measured at fair value through income | 49 | - | - | - |
| Financial assets that are debt instruments measured at amortised cost | 608,993 | 562,819 | 3,620 | 4,094 |
| | <u>609,042</u> | <u>562,819</u> | <u>3,620</u> | <u>4,094</u> |
| FINANCIAL LIABILITIES | | | | |
| Financial liabilities measured at amortised cost | (300,521) | (300,745) | - | - |
| | <u>(300,521)</u> | <u>(300,745)</u> | <u>-</u> | <u>-</u> |

Financial assets measured at fair value through profit or loss comprise derivatives.

Financial assets measured at amortised cost comprise cash, intercompany loans and other debtors

Financial liabilities measured at amortised cost comprise other creditors.

27. DEFERRED TAXATION

Group

| | 2016 £000 |
|-------------------------------|----------------------|
| At beginning of year | 39,786 |
| Charged to the profit or loss | 8,453 |
| At 30 April 2016 | <u>48,239</u> |

The provision for deferred taxation is made up as follows:

| | Group 2016 £000 | Group 2015 £000 |
|---|--------------------------------|--------------------------------|
| Tax on revaluation of investment properties | 48,239 | 39,786 |
| | <u>48,239</u> | <u>39,786</u> |

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016

28. SHARE CAPITAL

| | 2016 £000 | 2015 £000 |
|---|--------------|--------------|
| Allotted, called up and fully paid | | |
| 2,220 Ordinary shares of £1 each | 2 | 2 |

29. RESERVES

Share premium

The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium

Capital redemption reserve

The capital redemption reserve account includes shares redeemed or purchased wholly or partly out of the company's profits.

Investment property revaluation reserve

The investment property revaluation reserve includes all current and prior year retained revaluations.

Profit & loss account

The profit and loss account includes all current and prior year retained profit and losses.

30. CONTINGENT LIABILITIES

A subsidiary undertaking is a limited partner in a Limited Partnership which carries on the business of Lloyds Underwriting. Another subsidiary undertaking has guaranteed the liability of that subsidiary in connection with the facility amounting to £2,123,000 (2015 - £3,653,000) provided by Barclays Bank plc.

31. PENSION COMMITMENTS

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £281,000 (2015 - £271,000). Contributions totalling £Nil (2015 -£Nil) were payable to the fund at the reporting date.

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

32. COMMITMENTS UNDER OPERATING LEASES

At 30 April 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2016 £000 | Group 2015 £000 |
|--|--------------------------------|--------------------------------|
| Not later than 1 year | 983 | 884 |
| Later than 1 year and not later than 5 years | 1,259 | 1,825 |
| Later than 5 years | 2,846 | 2,475 |
| | <u>5,088</u> | <u>5,184</u> |

33. RELATED PARTY TRANSACTIONS

| | 2016 £000 | 2015 £000 |
|----------------------------------|----------------------|----------------------|
| Turnover | 23,912 | 24,047 |
| Management fees receivable | 2,871 | 3,337 |
| Loan interest payable | 4,196 | 3,892 |
| Rent payable | 769 | 710 |
| Share of profit | 931 | 14,829 |
| Dividends from trade investments | - | 69 |
| Service charge payable | 13 | 11 |
| Advisory fees payable | - | 6,286 |
| Share of profit receivable | 1,989 | 2,563 |
| | <u>34,681</u> | <u>55,744</u> |

During the year, a subsidiary contributed £12.8m (2015 - £5.5m) to The Pears Family Charitable Foundation, a registered charity in which the directors Messrs M A Pears, T S Pears, and D A Pears are trustees. Since the year end a further £10.2m has been contributed which brings the total contributed to The Pears Family Charitable Foundation since 1 May 2010 to £65.9m.

At the year end there were the following balances with companies and entities in which the directors have an interest.

| | 2016 £000 | 2015 £000 |
|---|----------------------|----------------------|
| Loans due from family connected companies | 211,254 | 264,886 |
| Management fees receivable | 1,574 | 1,505 |
| Loans due to family connected companies | <u>277,791</u> | <u>286,838</u> |

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

34. SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

DIRECT SUBSIDIARY UNDERTAKINGS

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|---|---------------------------------|------------------------|----------------|---------------------------|
| Shelfco 152 Limited | England | Ordinary | 100 % | Trading |
| WPG Finance Limited | England | Ordinary | 100 % | Provision of Finance |
| William Pears Group Investments Limited | England | Ordinary | 100 % | Holding Company |
| Hamways Limited | England | Ordinary | 100 % | Managing Agent |

INDIRECT SUBSIDIARY UNDERTAKINGS

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|--|---------------------------------|------------------------|----------------|---------------------------|
| The William Pears Group of Companies Limited | England | Ordinary | 100 % | Trading |
| Anglo Caledonian Asset Management Limited | England | Ordinary | 100 % | Property Dealing |
| Area Estates Limited | England | Ordinary | 100 % | Property Dealing |
| Bickenhall Engineering Company Limited | England | Ordinary | 100 % | Property Dealing |
| William Pears Limited | England | Ordinary | 100 % | Property Dealing |
| Honeywell Properties Limited | England | Ordinary | 100 % | Property Dealing |
| Haslam Court Management Limited | England | Ordinary | 100 % | Management Company |
| Avondale Properties Limited | England | Ordinary | 100 % | Property Investment |
| Capital Land Holdings Limited | England | Ordinary | 100 % | Property Investment |
| Castle Lane Securities Limited | England | Ordinary | 100 % | Property Investment |
| Clearview Properties limited | England | Ordinary | 100 % | Property Investment |
| Freehold Portfolio Limited | England | Ordinary | 100 % | Property Investment |
| Hallway Properties Limited | England | Ordinary | 100 % | Property Investment |
| Long Acre Securities Limited | England | Ordinary | 100 % | Property Investment |
| HK Properties (UK) Limited | England | | 100 % | Property Investment |
| Manzil Way Residential Limited | England | Ordinary | 100 % | Property Investment |
| Stanley N Evans Limited | England | Ordinary | 100 % | Property Management |
| Swiftly Limited | England | Ordinary | 100 % | Lloyds Underwriting |
| UTB No1 Limited | England | Ordinary | 100 % | Provision of Finance |
| The Spires (Barnet) Limited | England | Ordinary | 100 % | Property Investment |
| WX Investments Limited | England | Ordinary | 100 % | Property Investment |
| WP Savings Limited | England | Ordinary | 100 % | Provision of Finance |
| Aramis Holdings Limited | England | Ordinary | 85 % | Holding Company |
| WPG Treasury Limited | England | Ordinary | 100 % | Provision of Finance |
| The Welkin Property Company Limited | England | Ordinary | 100 % | Property Investment |

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

34. SUBSIDIARY UNDERTAKINGS (CONTINUED)

| | | | | |
|--|---------|----------|-------|---------|
| Bromley Park Garden Estates Limited | England | Ordinary | 100 % | Dormant |
| Law and Equity Property Company Limited | England | Ordinary | 100 % | Dormant |
| Ordnance Estates Limited | England | Ordinary | 100 % | Dormant |
| Saint Cross Securities Limited | England | Ordinary | 100 % | Dormant |
| South Tottenham Land Securities Limited | England | Ordinary | 100 % | Dormant |
| St Mary's Maltings Management Company (No.2) Limited | England | Ordinary | 100 % | Dormant |

PARTICIPATING INTERESTS

ASSOCIATES

| Name | Country of incorporation | Class of shares | Holding | Principal activity |
|--------------------------------------|---------------------------------|------------------------|----------------|---------------------------|
| MTD Underwriting LLP | England | Capital | 25 % | Lloyds Underwriting |
| ASLP76 | England | Capital | 25 % | Lloyds Underwriting |
| Talisman Properties Limited | England | Ordinary | 50 % | Dormant |
| Bishopsgate Apartments LLP | England | Capital | 50 % | Site Development |
| Copper Estates Joint Venture | England | Capital | 50 % | Property Dealing |
| Point Estates LLP | England | Capital | 50 % | Property Dealing |
| Stanley N Evans (Properties) Limited | England | Ordinary | 50 % | Property Investment |
| Goldenacre Properties Limited | England | Ordinary | 50 % | Property Dealing |
| Orbit Estates Limited | England | Ordinary | 25 % | Holding Company |

35. BANKING ARRANGEMENTS

Certain subsidiary undertakings and family connected companies participate in group banking arrangements. Companies participating in the arrangement have a joint and several liability to the bank for the total group overdraft and loan indebtedness. The total amount outstanding at 30 April 2016 was £Nil (2015 - £Nil).

WILLIAM PEARS GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 2016

36. FIRST TIME ADOPTION OF FRS 102

The Group and Company transitioned to FRS 102 from previous UK GAAP as at 1 May 2014. The impact of the transition to FRS 102 for the Group is as follows:

Group

| | As previously stated 1 May 2014 £000 | Effect of transition 1 May 2014 £000 | FRS 102 (as restated) 1 May 2014 £000 | As previously stated 30 April 2015 £000 | Effect of transition 30 April 2015 £000 | FRS 102 (as restated) 30 April 2015 £000 |
|---|---|--|---|--|---|--|
| Fixed assets | 527,326 | - | 527,326 | 549,582 | 2,557 | 552,139 |
| Current assets | 614,125 | - | 614,125 | 677,968 | - | 677,968 |
| Creditors: amounts falling due within one year | (295,640) | - | (295,640) | (311,840) | (1,640) | (313,480) |
| NET CURRENT ASSETS | 318,485 | - | 318,485 | 366,128 | (1,640) | 364,488 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 845,811 | - | 845,811 | 915,710 | 917 | 916,627 |
| Creditors: amounts falling due after more than one year | (23,536) | - | (23,536) | (26,016) | - | (26,016) |
| PROVISIONS FOR LIABILITIES | - | (34,192) | (34,192) | - | (39,786) | (39,786) |
| NET ASSETS | 822,275 | (34,192) | 788,083 | 889,694 | (38,869) | 850,825 |
| CAPITAL AND RESERVES | 822,275 | (34,192) | 788,083 | 889,694 | (38,869) | 850,825 |

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

36. FIRST TIME ADOPTION OF FRS 102 (CONTINUED)

| | Note | As previously stated 30 April 2015 £000 | Effect of transition 30 April 2015 £000 | FRS 102 (as restated) 30 April 2015 £000 |
|--|------|--|---|--|
| Turnover | | 83,166 | - | 83,166 |
| Cost of sales | | (18,777) | - | (18,777) |
| | | 64,389 | - | 64,389 |
| Administrative expenses | 3 | (54,483) | (131) | (54,614) |
| Profit on sale of investment properties | | 1,966 | - | 1,966 |
| Fair value movements | 1 | - | 36,716 | 36,716 |
| Share of profit of joint venture and associates | | 16,685 | - | 16,685 |
| Operating profit | | 28,557 | 36,585 | 65,142 |
| Income from investments | | 384 | - | 384 |
| Interest receivable and similar income | | 14,090 | - | 14,090 |
| Interest payable and similar charges | | (5,058) | - | (5,058) |
| Taxation | | (6,203) | - | (6,203) |
| Deferred taxation | 2 | - | (5,543) | (5,543) |
| Profit on ordinary activities after taxation and for the financial year | | 31,770 | 31,042 | 62,812 |

Explanation of changes to previously reported profit and equity:

- 1 The surplus on revaluation of investment properties now shown in the income statement.
- 2 The estimated amount of potential taxation which would arise if the assets held as long term investments were sold at the values at which they appear in the balance sheet is now provided for. Further tax on fair value surplus is now charged directly to the income statement for the year.
- 3 The deficit on valuation previously charged to administration expenses is now reclassified as a fair value movement.

WILLIAM PEARS GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2016**

36. FIRST TIME ADOPTION OF FRS 102 (CONTINUED)

Company

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or income.