

QUAY PROPERTIES PLC

GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

QUAY PROPERTIES PLC

ANNUAL REPORT AND ACCOUNTS

30th September, 2016

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QUAY PROPERTIES PLC

NOTICE OF MEETING

QUAY CHAMBERS
SOUTH QUAY
DOUGLAS
ISLE OF MAN

15th February, 2017

NOTICE IS HEREBY GIVEN that the **THIRTY-SEVENTH ANNUAL GENERAL MEETING** of **QUAY PROPERTIES PLC** will be held at Quay Chambers, South Quay, Douglas, Isle of Man on Thursday 16th March 2017 at 12.00 noon for the following purposes.

ORDINARY BUSINESS

- Resolution No.1 To receive and adopt the report of the directors and the accounts for the year ended 30th September 2016 together with the Auditors' Report.
- Resolution No.2 To re-elect Mr J Ashcroft, a Director retiring by rotation, who, being eligible, offers himself for re-election.
- Resolution No.3 To re-elect Mr W G Crossley, a Director retiring by rotation, who, being eligible, offers himself for re-election.
- Resolution No.4 To re-appoint the Auditors to the Company and fix their remuneration. (See Note 2)

To transact any other business.

By Order of the Board,

C.A. QUAYLE B.A. A.C.A
Secretary

- Notes 1) Every member entitled to attend and vote at a meeting of the Company is entitled to appoint a proxy to attend and vote instead of that member. A proxy need not be a member of the Company. Forms of proxy are enclosed with this Notice.
- 2) As no notice has been given under Section 13 of the Companies Act 1982 the auditors are automatically re-appointed.

QUAY PROPERTIES PLC

GENERAL INFORMATION

| | |
|---------------------------|--|
| Directors: | W.N. Crossley, I.Eng. AMI Mar. Eng. Chairman J. Ashcroft M.N.A.E.A. P. Ashcroft W.G. Crossley T.M.I.E.T. (appointed 26 th December 2016) C.A. Quayle, B.A. A.C.A. R. S. Quayle |
| Company Secretary: | C.A. Quayle, B.A. A.C.A. |
| Bankers: | Barclays Bank Plc Victoria Street, Douglas, Isle of Man |
| Brokers: | Ramsey Crookall & Co Securities House, 38-42 Athol Street, Douglas. Isle of Man IM1 1QH |
| Auditors: | Greystone LLC 18 Athol Street, Douglas, Isle of Man IM1 1JA |
| Company Number: | 15856 |
| Registered Office: | Quay Chambers, South Quay, Douglas, Isle of Man IM1 5AR |

QUAY PROPERTIES PLC

CHAIRMAN'S STATEMENT

year ended 30th September 2016

Ladies & Gentlemen,

Last year we set in motion the process for the development of the former Manx Gas Plant Site which we purchased in 2013. Having received tenders from six contractors, the board decided to award the contract to Auldyn Construction. The development will provide ten 78 m² units in two rows and two adjacent 200 m² units. The drawings of which are viewable on the company website <http://www.quayplc.com/>.

After protracted negotiations a subsidiary company of Quay Properties Plc, South Quay Estates Limited divested itself of a longstanding holding which was effectively in a state of financial torpor. This has freed up funds to help build the new industrial units.

The general trend, as has been stated in previous Chairman's Statements, is much the same:

For Quay Properties Plc the industrial sector picture is buoyant, hence the commitment to build the new units, which have already attracted a good deal of interest from prospective tenants. We are engaged in lease terms discussion on the two larger units.

The office market remains challenging. A strategy of imaginative incentivisation and subdivision of larger offices has been employed to attract tenants. However the trend is that of an exodus from the Isle of Man, which can clearly be seen around the island by the quantity of estate agents boards. Small quality offices still command interest; Quay House remains fully occupied and has been since it was built.

All things considered the company and subsidiary returns are satisfactory at present. In this respect the board has decided to pay a 5% dividend this year.

7th February, 2017

W. N. CROSSLEY
CHAIRMAN

QUAY PROPERTIES PLC

DIRECTORS' REPORT

For the year ended 30th September, 2016

The Directors present their annual report together with the audited financial statements for the year ended 30th September 2016.

1. PRINCIPAL ACTIVITY

The company is the owner of Commercial and Industrial Property.

2. RESULTS AND DIVIDENDS

The Group made a profit for the year after taxation of £480,064 (2015: £685,269). A dividend of £212,124 representing 5% on issued share capital will be paid (2015: 5% £212,124).

3. POLITICAL AND CHARITABLE DONATIONS

The Company donated £4,000 to the Manx Breast Cancer Support Group, £4,000 to the Manx Diabetic Group and £2,000 to the British Heart Foundation.

4. DIRECTORS

The Directors who held office and their interest in the shares of the company during the year under review and to date were:-

| | Number of Shares |
|---|------------------|
| J. Ashcroft, M.N.A.E.A. | 3,177 |
| P. Ashcroft | 13,012 |
| W.G. Crossley T.M.I.E.T. (Appointed 22nd December 2016) | |
| W.N. Crossley, I.Eng. AMI Mar. Eng. (Chairman) | 3,810 |
| C.A. Quayle, B.A. A.C.A | |
| R.S. Quayle | |

5. AUDITORS

The auditors, Greystone LLC, Chartered Accounts, retire and offer themselves for reappointment in office in accordance with Section 12 of the Companies Act 1982.

6. PRINCIPAL RISKS AND UNCERTAINTIES

The company faces a number of business risks and uncertainties due to difficult trading conditions in the rental market for both offices and industrial units. In view of this the directors are looking carefully at both existing and potential new markets.

7. FINANCIAL INSTRUMENTS

The company has a normal level of exposure to price, credit, liquidity and cash flow risks arising from trading activities which are only conducted in sterling. The company does not enter into any hedging transactions.

ON BEHALF OF THE BOARD

.....
W.N. CROSSLEY, Director.

.....
C.A. QUAYLE, Director.

Dated: 7th February 2017

QUAY PROPERTIES PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

For the year ended 30th September, 2016

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

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent; and
- * 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 proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Company and hence for the prevention and detection of fraud and other irregularities.

ON BEHALF OF THE BOARD

.....
W.N. CROSSLEY, Director.

.....
C.A. QUAYLE, Director.

Dated: 7th February 2017

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF QUAY PROPERTIES PLC

For the year ended 30th September 2016

We have audited the financial statements of Quay Properties Plc for the year ended 30th September 2016, which comprise the consolidated statement of comprehensive income; the consolidated statement of cash flows; the consolidated statement of changes in equity; the statement of changes in equity; the consolidated balance sheet; the balance sheet; accounting policies, and the related notes numbered 1 to 14. The financial reporting framework that has been applied in their preparation is the Isle of Man Companies Acts 1931 to 2004 and including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 15 of the Companies Act 1982. 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 opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, 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 Isle of Man law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

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 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 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 Company's affairs as at 30th September 2016 and of its result for the year then ended;
- * the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- * the financial statements have been prepared in accordance with the requirements of the Isle of Man Companies Acts 1931 to 2004; and
- * the Directors' Report is consistent with the financial statements.

Dated: 7th February 2017

Greystone LLC
Chartered Accountants and Registered Auditors
Douglas, Isle of Man

QUAY PROPERTIES PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30th September, 2016

| | Notes | 2016 £ | 2015 £ |
|--|-------------|------------------|----------------|
| Turnover | 1b | 1,013,745 | 967,603 |
| Cost of Sales | | (104,252) | (104,117) |
| Gross Profit | | 909,493 | 863,486 |
| Administrative Expenses | | (387,420) | (365,544) |
| Gain on disposal of Property | | - | 2,479 |
| Loss/(Profit) on disposal of Investments | | (59,842) | 143,005 |
| Dividends | | 130,467 | 121,106 |
| Profit on Ordinary Activities before Interest | | 592,698 | 764,532 |
| Interest Receivable | | 523 | 593 |
| Profit on Ordinary Activities before Taxation | | 593,221 | 765,125 |
| Taxation | 2 | (113,157) | (79,856) |
| Profit on Ordinary Activities after Taxation | 3 | 480,064 | 685,269 |
| Other Comprehensive Income | | | |
| Gain on Revaluation of Investment Properties | 1c,4 | 216,250 | 455,240 |
| Gain/(Loss) on Revaluation of Investments | 1d | 797,343 | (444,490) |
| Total Comprehensive Income for the Year | | 1,493,657 | 696,019 |

None of the Company's activities were acquired or discontinued during the year except as detailed in note 1g.

QUAY PROPERTIES PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30th September, 2016

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before Tax | 522,073 | 497,942 |
| Adjustments for: | | |
| Depreciation | 1,759 | 1,828 |
| (Increase)/decrease in Debtors | (3,160) | 1,532 |
| Increase/(decrease) in Creditors | 38,371 | (41,114) |
| | ----- | ----- |
| Cash generated from operations | 559,043 | 460,188 |
| Tax Paid | (78,731) | (57,163) |
| | ----- | ----- |
| Net Cash generated by operations | 480,312 | 403,025 |
| | ----- | ----- |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 523 | 593 |
| Dividends received | 53,789 | 84,757 |
| Purchase of Fixed Assets | (7,036) | - |
| Sale of Property | - | 313,729 |
| Purchase of Property | (130,000) | - |
| Capitalised Expenditure | (48,750) | - |
| Sale of Investments | 796,991 | 744,530 |
| Purchase of Investments | (34,601) | (789,531) |
| | ----- | ----- |
| Net Cash generated from Investing Activities | 630,916 | 354,078 |
| | ----- | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (212,124) | (212,124) |
| Loans repaid | (279,980) | - |
| | ----- | ----- |
| Net Cash used in Financing Activities | (492,104) | (212,124) |
| | ----- | ----- |
| Net Increase in Cash and Cash Equivalents | 619,124 | 544,979 |
| Cash and Cash Equivalents at the beginning of the Year | 1,514,773 | 969,794 |
| | ----- | ----- |
| Cash and Cash Equivalents at the end of the Year | 2,133,897 | 1,514,773 |
| | ===== | ===== |

QUAY PROPERTIES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30th September, 2016

| | Share Capital £ | Share Premium £ | Other Reserves £ | Capital Redemption £ | Retained Earnings £ | Total £ |
|--|-----------------------|-----------------------|------------------------|----------------------------|---------------------------|-------------------|
| As at 1 October 2014 | 4,242,479 | 222,815 | 11,766,804 | (122,144) | 4,675,280 | 20,785,234 |
| Profit for the Year | - | - | - | - | 685,269 | 685,269 |
| Gain on Revaluation of Property | - | - | 455,240 | - | - | 455,240 |
| Loss on Revaluation of Investments | - | - | (444,490) | - | - | (444,490) |
| Realised gain on disposal of property | - | - | (139,887) | - | 139,887 | - |
| Amortisation of Negative Goodwill | - | - | - | - | 4,972 | 4,972 |
| Dividends | - | - | - | - | (212,124) | (212,124) |
| As at 30 September 2015 | 4,242,479 | 222,815 | 11,637,667 | (122,144) | 5,293,284 | 21,274,101 |
| As at 1 October 2015 | 4,242,479 | 222,815 | 11,637,667 | (122,144) | 5,293,284 | 21,274,101 |
| Profit for the Year | - | - | - | - | 480,064 | 480,064 |
| Gain on Revaluation of Property | - | - | 216,250 | - | - | 216,250 |
| Gain on Revaluation of Investments | - | - | 797,343 | - | - | 797,343 |
| Dividends | - | - | - | - | (212,124) | (212,124) |
| As at 30 September 2016 | 4,242,479 | 222,815 | 12,651,260 | (122,144) | 5,561,224 | 22,555,634 |

QUAY PROPERTIES PLC

STATEMENT OF CHANGES IN EQUITY

For the year ended 30th September, 2016

| | Share Capital £ | Share Premium £ | Other Reserves £ | Capital Redemption £ | Retained Earnings £ | Total £ |
|---------------------------------------|-----------------------|-----------------------|------------------------|----------------------------|---------------------------|-------------------|
| As at 1 October 2014 | 4,242,479 | 222,815 | 8,865,727 | (121,584) | 4,611,504 | 17,820,941 |
| Profit for the Year | - | - | - | - | 684,762 | 684,762 |
| Gain on Revaluation of Property | - | - | 375,120 | - | - | 375,120 |
| Loss on Revaluation of Investments | - | - | (444,490) | - | - | (444,490) |
| Dividends | - | - | - | - | (212,124) | (212,124) |
| As at 30 September 2015 | 4,242,479 | 222,815 | 8,796,357 | (121,584) | 5,084,142 | 18,224,209 |
| As at 1 October 2015 | 4,242,479 | 222,815 | 8,796,357 | (121,584) | 5,084,142 | 18,224,209 |
| Profit for the Year | - | - | - | - | 685,355 | 685,355 |
| Gain on Revaluation of Property | - | - | 256,250 | - | - | 256,250 |
| Gain on Revaluation of Investments | - | - | 797,343 | - | - | 797,343 |
| Dividends | - | - | - | - | (212,124) | (212,124) |
| As at 30 September 2016 | 4,242,479 | 222,815 | 9,849,950 | (121,584) | 5,557,373 | 19,751,033 |

QUAY PROPERTIES PLC

CONSOLIDATED BALANCE SHEET

As at 30th September, 2016

| | Note | 2016 | | 2015 | |
|--|------|------------------|-------------------|------------------|-------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Motor Vehicles | 5 | | 5,277 | | - |
| Investment Property | 4 | | 14,775,000 | | 14,380,000 |
| Investments | 1d | | 5,955,056 | | 5,912,065 |
| | | | 20,735,333 | | 20,292,065 |
| CURRENT ASSETS | | | | | |
| Debtors and Prepayments | 6 | 20,566 | | 17,406 | |
| Cash at Bank | | 2,133,897 | | 1,514,773 | |
| | | 2,154,463 | | 1,532,179 | |
| CREDITORS: Amounts falling due within one year | | | | | |
| Creditors | 7 | 322,621 | | 261,365 | |
| Loans | | - | | 288,778 | |
| | | 322,621 | | 550,143 | |
| NET CURRENT ASSETS | | | 1,831,842 | | 982,036 |
| CREDITORS: Amounts falling due after more than one year | | | | | |
| Rent Deposits | 8 | | (11,541) | | - |
| NET ASSETS | | | 22,555,634 | | 21,274,101 |
| CAPITAL AND RESERVES | | | | | |
| Share Capital | 11 | | 4,242,479 | | 4,242,479 |
| Share Premium | 11 | | 222,815 | | 222,815 |
| Other Reserves | | | 12,651,260 | | 11,637,667 |
| Capital Redemption Fund | | | (122,144) | | (122,144) |
| Retained Profits | | | 5,561,224 | | 5,293,284 |
| EQUITY SHAREHOLDERS' FUNDS | | | 22,555,634 | | 21,274,101 |

Notes 1 to 14 form part of these financial statements.

We approve these accounts and confirm that we have made available all relevant records and information for their preparation.

.....
W N Crossley
Director

.....
C A Quayle
Director

Dated: 7th February 2017

QUAY PROPERTIES PLC

BALANCE SHEET

As at 30th September, 2016

| | Note | 2016 | | 2015 | |
|--|------|------------------|-------------------|------------------|-------------------|
| | | £ | £ | £ | £ |
| FIXED ASSETS | | | | | |
| Motor Vehicles | 5 | | 5,277 | | - |
| Shares in Group Undertakings | 9 | | 350,365 | | 812,865 |
| Loans to Group Undertakings | 9 | | 1,153,935 | | 1,679,030 |
| Investment Property | 4 | | 10,425,000 | | 9,990,000 |
| Listed Investments | 1d | | 5,955,056 | | 5,080,443 |
| | | | 17,889,633 | | 17,562,338 |
| CURRENT ASSETS | | | | | |
| Sundry Debtors | 6 | 13,606 | | 14,036 | |
| Cash at Bank | | 2,118,831 | | 1,147,380 | |
| | | 2,132,437 | | 1,161,416 | |
| CREDITORS: Amounts falling due within one year | | | | | |
| Sundry Creditors | 7 | 170,657 | | 148,747 | |
| Tax | 7 | 88,839 | | 66,497 | |
| | | 259,496 | | 215,244 | |
| NET CURRENT ASSETS | | | | | |
| | | | 1,872,941 | | 946,172 |
| CREDITORS: Amounts falling due after more than one year | | | | | |
| Loans | 8 | - | | (284,301) | |
| Rent Deposits | 8 | (11,541) | | - | |
| | | | (11,541) | | (284,301) |
| NET ASSETS | | | | | |
| | | | 19,751,033 | | 18,224,209 |
| CAPITAL AND RESERVES | | | | | |
| Share Capital | 11 | | 4,242,479 | | 4,242,479 |
| Share Premium | 11 | | 222,815 | | 222,815 |
| Other Reserves | | | 9,849,950 | | 8,796,357 |
| Capital Redemption Fund | | | (121,584) | | (121,584) |
| Retained Profits | | | 5,557,373 | | 5,084,142 |
| EQUITY SHAREHOLDERS' FUNDS | | | | | |
| | | | 19,751,033 | | 18,224,209 |

Notes 1 to 14 form part of these financial statements.

We approve these accounts and confirm that we have made available all relevant records and information for their preparation.

.....
W N Crossley
Director

.....
C A Quayle
Director

Dated: 7th February 2017

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30th September, 2016

1. ACCOUNTING POLICIES

a. Basis of Preparation of Financial Statements

These financial statements have been prepared under the historical cost convention in compliance with FRS 102 – The Financial Reporting Standard applicable in the UK and Ireland, and the Isle of Man Companies Acts 1931 to 2004.

This is the first year in which the financial statements have been prepared under FRS 102. Details of the transition are disclosed in Note 12.

b. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

c. Investment Property

In accordance with Section 16 of FRS 102, investment property is accounted for at fair value through profit and loss. Further details are disclosed in Note 4.

d. Listed Investments

The company's listed investments are carried in the financial statements at fair value. Movement in fair value is recognised through profit and loss.

e. Depreciation

Depreciation is provided so as to write off the cost over the estimated working lives of fixed assets at the following rates:-

Motor Vehicles 25% Straight Line

f. Basis of Consolidation

Quay Properties Plc has the following 100% owned subsidiary: Cain House Limited

Two other subsidiaries were placed into liquidation during the year. The liquidation of Portland Properties (Manchester) Limited was finalised during the year, and South Quay Estates Limited was finalised just after the year end.

g. Discontinued Operations

In the prior year, Portland Properties (Manchester) Limited made a gain of £55,573 on the disposal of its property in Manchester.

In the current year, South Quay Estates Limited made a loss of £71,391 on the disposal of its investments.

Other than these two exceptional items, the companies' income and expenditure was of trivial value and as such, have not been presented separately in the Statement of Comprehensive Income.

QUAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 30th September, 2016

2. TAXATION

The charge for taxation is based on the profits from Manx Rental Income for the year, which are subject to Manx Income Tax at a rate of 20% (2015: 10% up to 5th April 2015 and 20% from 6 April 2015 to 30th September 2015).

The Company has claimed industrial building allowances on certain of its freehold properties and any disposal of these properties may give rise to a tax liability. The total allowances claimed to 30th September 2016 represent a potential liability to tax at 10% on £381,774 (2015: £381,774).

As it is not the policy of the parent company to dispose of its properties this potential liability has not been provided for in these accounts.

3. OPERATING PROFIT

| | 2016 | | 2015 | |
|---|------------|--------------|------------|--------------|
| | Group £ | Company £ | Group £ | Company £ |
| The operating profit is stated after charging:- | | | | |
| Auditors' Remuneration | 6,100 | 4,000 | 4,900 | 3,000 |
| Directors' Salaries | 343,132 | 215,181 | 319,206 | 193,154 |
| Bad Debts | - | - | 1,269 | 20 |
| | ===== | ===== | ===== | ===== |

4. INVESTMENT PROPERTY

The company has Chrystals Commercial provide an independent, third party valuation every other year. This was last done in September 2015. During the intervening years a directors' valuation is carried out.

| | 2016 | | 2015 | |
|---|------------|--------------|------------|--------------|
| | £ Group | £ Company | £ Group | £ Company |
| At Valuation | | | | |
| 1st October | 14,380,000 | 9,990,000 | 14,236,010 | 9,614,880 |
| Surplus/ (Deficit arising on Revaluation | 216,250 | 256,250 | 455,240 | 375,120 |
| Additions | 178,750 | 178,750 | - | - |
| Disposals | - | - | (311,250) | - |
| | ----- | ----- | ----- | ----- |
| 30th September | 14,775,000 | 10,425,000 | 14,380,000 | 9,990,000 |
| | ===== | ===== | ===== | ===== |

QUAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 30th September, 2016

5. MOTOR VEHICLES

| | 2016 | | 2015 | |
|----------------------------------|--------------|--------------|------------|--------------|
| | £ Group | £ Company | £ Group | £ Company |
| Cost | | | | |
| As at 1st October | 7,310 | 7,310 | 7,310 | 7,310 |
| Additions | 7,036 | 7,036 | - | - |
| Disposals | - | - | - | - |
| | ----- | ----- | ----- | ----- |
| 30th September | 14,346 | 14,346 | 7,310 | 7,310 |
| | ===== | ===== | ===== | ===== |
| Depreciation | | | | |
| As at 1st October | 7,310 | 7,310 | 5,482 | 5,482 |
| Charge for the Year | 1,759 | 1,759 | 1,828 | 1,828 |
| Disposals | - | - | - | - |
| | ----- | ----- | ----- | ----- |
| 30th September | 9,069 | 9,069 | 7,310 | 7,310 |
| | ===== | ===== | ===== | ===== |
| Net Book Value | | | | |
| As at 30 th September | 5,277 | 5,277 | - | - |
| | ===== | ===== | ===== | ===== |

6. DEBTORS

| | 2016 | | 2015 | |
|---------------|---------------|---------------|---------------|---------------|
| | £ Group | £ Company | £ Group | £ Company |
| Trade Debtors | 15,170 | 11,274 | 14,759 | 12,775 |
| Prepayments | 5,396 | 2,332 | 2,647 | 1,261 |
| | ----- | ----- | ----- | ----- |
| | 20,566 | 13,606 | 17,406 | 14,036 |
| | ===== | ===== | ===== | ===== |

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2016 | | 2015 | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | £ Group | £ Company | £ Group | £ Company |
| Other Creditors | 110,416 | 110,416 | 103,808 | 103,808 |
| Taxation | 113,094 | 88,839 | 78,668 | 66,497 |
| Social Security and other Taxes | 16,197 | 13,133 | 14,948 | 11,968 |
| Accruals | 82,914 | 47,108 | 63,941 | 32,971 |
| | ----- | ----- | ----- | ----- |
| | 322,621 | 259,496 | 261,365 | 215,244 |
| | ===== | ===== | ===== | ===== |

QUAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 30th September, 2016

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2016 | | 2015 | |
|------------------------|---------------|---------------|------------|----------------|
| | £ Group | £ Company | £ Group | £ Company |
| Loan due to Subsidiary | - | - | - | 284,301 |
| Rent Deposit | 11,541 | 11,541 | - | - |
| | <u>11,541</u> | <u>11,541</u> | <u>-</u> | <u>284,301</u> |

The loan was due to Portland Properties (Manchester) Limited and was repaid during the year before the company was put into voluntary liquidation. The loan was interest free, unsecured and repayable on demand.

9. INVESTMENTS IN AND LOANS TO SUBSIDIARY COMPANIES

| | 2016 | | 2015 | |
|--|----------------|------------------|----------------|------------------|
| | Investment | Loans | Investment | Loans |
| | £ | £ | £ | £ |
| Cain House Limited 805 Ordinary Shares of £1 each (100%) | 350,365 | 1,153,935 | 350,365 | 1,187,103 |
| Portland Properties (Manchester) Limited 2750 Ordinary Shares of £1 each (100%) | - | - | 412,500 | - |
| South Quay Estates Limited 11 Ordinary Shares of £1 each (100%) | - | - | 50,000 | 491,927 |
| | <u>350,365</u> | <u>1,153,935</u> | <u>812,865</u> | <u>1,679,030</u> |

Portland Properties (Manchester) Limited and South Quay Estates Limited were placed into voluntary liquidation during the year. The loans are interest free, unsecured and repayable on demand.

QUAY PROPERTIES PLC

NOTES TO THE FINANCIAL STATEMENTS - continued

For the year ended 30th September, 2016

10. RELATED PARTY TRANSACTIONS

The controlling party is Strategic Investments Limited by virtue of them holding a majority shareholding.

| Name | Relationship | Transactions in the year | 2016 Dr/(Cr) £ | Debtor/ (Creditor) at year end £ |
|---|---------------------------|--|--------------------|---|
| Cain House Limited | Subsidiary | Dividend | (97,020) | 97,020 |
| Portland Properties (Manchester) Limited | Subsidiary (dissolved) | Loan Repayment Capital Distribution | 284,301 616,255 | - - |
| South Quay Estates Limited | Subsidiary (dissolved) | Loan Repayment Loan Written Off | 480,327 12,080 | - - |

11. CALLED UP SHARE CAPITAL

| | 2016 | | 2015 | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | Share Capital £ | Share Premium £ | Share Capital £ | Share Premium £ |
| Fully Paid and Issued 4,242,479 Ordinary Shares of £1 each | 4,242,479 ===== | 222,815 ===== | 4,242,479 ===== | 222,815 ===== |

12. TRANSITION TO FRS 102

The Company has adopted FRS 102 for the year ended 30 September 2016 and has reviewed the comparative prior year amounts to establish whether any amendments are required. No changes to the financial statements were required.

13. FINANCIAL INSTRUMENTS

Exposure to foreign currency, credit, liquidity and cash flow interest rate risks arises in the normal course of the Company's business. These risks are limited by the Company's financial management policies and practices described below.

Foreign Currency Risk

The company has limited exposure to foreign currency risk. Substantially all of the Company's sales and purchases are denominated in Sterling.

Credit Risk

The Company is at risk from its customers defaulting on their leases. This risk is mitigated by the spread of tenants and properties.

Liquidity Risk

The directors have ultimate responsibility for liquidity risk management in maintaining adequate reserves and banking facilities. They do this by continuously monitoring forecast and actual cash flows.

Cash Flow Interest Rate Risk

The company has no interest-bearing assets and liabilities other than the cash at bank. Future changes in interest rates could impact on the value of the listed investments held by the company.

14. POST BALANCE SHEET EVENTS

There are no matters to report as post balance sheet events.

QUAY PROPERTIES PLC

SUBSTANTIAL SHAREHOLDINGS

SHAREHOLDERS HOLDINGS IN EXCESS OF 3% OF THE CAPITAL OF THE COMPANY

| | On 30.9.2016 | On 30.9.2015 |
|-------------------------------|--------------|--------------|
| Strategic Investments Limited | 3,923,435 | 3,923,435 |

Note: The capital of Strategic Investments Limited is held as follows:-

| | Ordinary Shares of £1 each | Ordinary A Shares of £1 each |
|-----------------|-------------------------------|---------------------------------|
| Ashcroft Family | 694,315 | 20,000 |
| Crossley Family | 2,070,315 | 180,000 |
| Yates Family | 583,000 | - |
| | ----- | ----- |
| | 3,347,630 | 200,000 |
| | ===== | ===== |

EARNINGS PER SHARE

The Board is of the opinion that a NIL Basis for the earnings per share is appropriate (i.e., the ratio of profit to the average of shares in issue where it is assumed no dividend has been paid.)

| | Year to 30.9.2016 | Year to 30.9.2015 |
|--------------------------------|----------------------|----------------------|
| Earnings per Share (Nil Basis) | 12.7p | 12.7p |