Registered number: 02954192 (England and Wales)

Pineapple Corporation Plc

Annual Report and

Financial Statements

for the Year Ended 31 March 2017

Pineapple Corporation Plc

Contents of the Financial Statements

Pineapple Corporation Plc

Company Information

For the Year Ended 31 March 2017

Executive Directors:	T H Berglund (Chairman) A J Sperrin D C Farley
Non- Executive Director	A D D Crichton
Secretaries:	A J Sperrin J Naish
Registered office:	12 Blacks Road London W6 9EU
Registered number:	02954192 (England and Wales)
Independent auditor:	Harmer Slater Limited Salatin House 19 Cedar Road Sutton Surrey SM2 5DA

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

I am pleased to present my report for the year ended 31 March 2017.

Highlights

This year has seen some dramatic movement in property values largely due to the EU referendum (Brexit). The UK's commercial property market was significantly affected by the decision to leave the European Union in the referendum in June 2016. However, it appears that the uncertainty was short lived and investor appetite has since returned.

Despite these uncertainties, the group continued to concentrate on maximising the returns and development potential of the investments acquired in recent years.

The results of the group reflect the positive management of the Board in these difficult times.

- Profit before tax for the year has increased by 10.9%
- Gross rental income has increased by 2.6%.
- Adjusted Net Asset Value (NAV) per share in the group has risen by 26p from 397p to 423p (an increase of 6.5%).
- Dividends per share have increased from 15.5p to 16.5p, showing a yield of 4.2% based on the NAV of the shares at the beginning of the year.
- Combining the growth in value per share plus the dividend yield shows that our shareholders have enjoyed a total return of 10.7% in the year.

In summary, I feel that our objectives have been achieved in that we have substantially increased rental income, profits, asset value per share and dividends for our shareholders.

The future

Whilst the Brexit terms are under negotiation, there is a risk that property demand from investors and tenants will be adversely affected and this may have a negative impact on property values. However, our diverse mixed portfolio of residential and commercial properties, principally in good locations in London and Helsinki, is expected to minimise the impact of this risk.

I believe that the continued uncertainty surrounding Brexit will create acquisition opportunities for the group. The directors will therefore continue to actively search for further profitable acquisitions in these uncertain times. It should be noted that the group will only be able to benefit from such opportunities if new capital is raised to fund such further investment. The directors are actively seeking to raise new capital and this is referred to further in the strategic report set out on pages 3 to 7.

Board and management

I am pleased to report that the group has retained the services of its existing board of directors and will continue to benefit from their years of experience and diversity of background, hopefully for years to come.

I would like to take this opportunity to thank all of our directors, business partners and shareholders for their continued support of the business.

THBerglund

T H Berglund
Chairman

Pineapple Corporation Plc

Strategic Report for the Year Ended 31 March 2017

The directors are pleased to present their Strategic Report for the year ended 31 March 2017.

The Group

Pineapple Corporation Plc is the parent company of the group and its shares are admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange. It acts as the holding company of the group and owns a portfolio of properties as an investment company. Its wholly owned subsidiary undertakings at 31 March 2017, all of which are property investment companies, are listed on pages 47 and 48.

Strategy and Objectives

The group's objective is to enhance shareholder value by increasing asset value, increasing profits and increasing dividends.

The group seeks to achieve this through:

- maintaining a balanced portfolio of residential and commercial properties;
- by changing the portfolio mix as market conditions change;
- maximising the value of existing properties by exploiting any development potential;
- improving the lease/tenant profile of the commercial properties; and
- making further investments in properties where opportunities exist to significantly enhance the value of the asset.

The Business Model

Pineapple Corporation Plc is a Real Estate Investment Trust (REIT). A REIT is a property company which enables its shareholders to invest in commercial and residential properties and receive benefits as if they owned the property directly. Our business model focuses on enhancing shareholder value via a combination of increasing asset value, increasing profits and increasing dividends from our well balanced portfolio of residential and commercial investment properties. This model drives our leasing/renting, planning and development strategy including ensuring that we let space to reliable tenants and minimising tenancy voids and their associated costs. Our business model is based on having very low fixed overheads and utilising the services of trusted and experienced property advisors and agents.

Review of the Business and Future developments

Progress and events during the year

This year management has continued to concentrate on maximising the returns and development potential of the investments acquired in recent years.

Our objectives have been largely achieved:

- Dividends paid during the year have increased from £1,250,312 in 2016 to £1,407,442 in 2017.
- Adjusted Net Asset Value per share in the company has risen by 26p from 397p to 423p - an increase of 6.5%.
- Profit before tax for the year has increased from £3,217,172 in 2016 to £3,567,271 in 2017.

Portfolio

In line with our strategy we continue to maintain a diverse portfolio consisting of both residential and commercial properties. The value of our portfolio at 31 March 2017 is summarised as follows:

	London	Rest of UK	Finland	Total
	£	£	£	£
Residential investments	26,346,328	2,887,357	-	29,233,685
Commercial investments	18,838,825	4,447,400	4,482,192	27,768,417
	45,185,153	7,334,757	4,482,192	57,002,102

Property acquisitions and disposals

During the year the group acquired a commercial property for £2.8m which is let to a high end fashion design showroom and office under a 10 year lease until March 2026. The group also spent £771k on developing various properties within its portfolio.

In addition, the group disposed of one commercial property (in Finland), one mixed development property and one residential property with carrying values of €1.4m (£1.2m), £1.4m and £500k respectively. The group also disposed of three reversionary interests and granted various lease extensions with carrying values amounting to £87k and £350k respectively.

Valuation

At 31 March 2017, the valuation of properties was £57,002,102 (2016 - £54,100,374). After excluding the value of properties acquired or disposed of during the year, the valuation shows an overall increase in value of the UK portfolio of 5.2% and an increase in value of the Finnish portfolio (in sterling terms) of 8.7% (wholly arising from foreign exchange gains). Overall this results in a net increase in value of the portfolio of 5.8%.

Rental Growth

Gross UK rental income was £2,217,563 for the year compared to £2,164,165 for the year ended 31 March 2016, representing an increase of 2.5% on an annualised basis.

Gross rental income from Finland was up from £285,954 in 2016 to £295,612 in 2017 representing an increase of 3.4% on an annualised basis. The overall rental growth for the group was 2.6%.

Results

	2017 £	2016 £	Change
Gross rental income	2,513,175	2,450,119	2.6%
Profit before tax	3,567,271	3,217,172	10.9%
Profit before tax excluding gains on disposals and revaluations	786,869	691,728	13.8%
Adjusted earnings per share (page 28)	13.7p	14.2p	(3.5%)
Earnings per share (page 28)	42.1p	42.5p	(0.9%)
Dividends and PID's per share (page 28)	16.5p	15.5p	6.5%

The increase in profit before tax is predominantly due to gains on revaluation of investment properties.

Cash Flow

Net cash flow generated from operations was £1,529,585 for the year compared with £1,173,860 for the year ended 31 March 2017.

The net cash inflow from investing activities was £2,545,402 for the year compared with a net cash inflow of £622,508 for the year ended 31 March 2016. The movement reflects receipts from the disposal of investment properties for cash (net of reinvestment) during the year.

Balance Sheet

	2017	2016	2015	2014
Adjusted Net Asset Value per share (note 22)	423p	397p	370p	345p
Net debt/property value	38%	38%	42%	43%
Net debt/total capital (note 22)	37%	39%	42%	43%

Note: Adjusted net asset value per share is a UK property industry measure which excludes deferred tax relating to the revaluation of investment properties. Details of the calculation are provided in note 22 to the consolidated financial statements.

Finance

The group's gearing ratio has decreased from 39% to 37% as shown in note 22 to the financial statements.

The directors are actively pursuing new sources of equity finance to fund new profitable investment acquisitions and have held a series of meetings with their professional advisors to identify the most cost effective way of raising new capital.

This project is ongoing, but it is essential that new capital is raised in order to fund new investment acquisitions if the company is to continue to produce the returns it has been able to achieve in the past.

PRINCIPAL RISKS AND UNCERTAINTIES

The Board is responsible for assessing, evaluating and managing the risks to its business. The key risks to the business and the actions taken to mitigate these risks are as follows:

a) Economic Risk - Any economic downturn is likely to have an adverse effect on the short term capital growth prospects of the group's investment portfolio.

The group maintains a diverse mixed portfolio of residential and commercial properties (including warehouse and retail investments), principally in good locations in London and Helsinki. The group's exposure to a downturn in any one sector of the property market is minimised.

A substantial proportion of the residential investment portfolio is reversionary and its capital value increases even when the market is static.

The investment portfolio contains a number of substantial properties where significant value can still be added, either by development or change of use.

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

b) Economic Risk - Bad debts and voids are more likely to arise during an economic downturn.

All substantial commercial tenants have strong financial covenants.

Tenant lease payments are monitored closely and where problems arise the company works closely with the tenant to ensure that any exposure is minimised.

c) Financial Risk – If there is a significant fall in the value of the investment portfolio and the level of gearing is too high, this could result in breaches of banking covenants and calling in of loans.

The group's current level of bank borrowing has been reduced to around 34% (£19.2m) of the property valuation (£57m), well below the 50% loan to value covenant incorporated in the main banking facilities.

In addition, the group has a secure property income stream from a number of tenants with no significant reliance from one particular tenant.

d) Financial Risk – Adverse interest rate movements.

The group has taken out an interest rate swap in respect of the first £10 million of the outstanding loans, effectively fixing the interest rate at 3.658%.

e) Financial Risk – Some of the group's investment portfolio is located in Finland, exposing the group to a potential currency risk should the euro fall in value. Euro loans have been taken out to finance these investments mitigating the group's exposure to any such currency losses.

f) Legislation risk – If the group fails to meet its REIT requirements it may be expelled from the REIT regime which will result in higher costs for the company and reduced dividends for shareholders.

The board monitors compliance with REIT ratios regularly to ensure that the conditions are not breached. Ratios are currently well within acceptable limits and do not give any cause for concern.

g) Loss of key personnel – The team of 3 directors and 1 non-executive director is small and in consequence loss of any one member of the team may have severe negative impact on the group's strategy and performance.

The board has mitigated this risk by utilising the services of an extensive network of trusted and experienced property advisors and agents.

OUR PEOPLE

Pineapple Corporation Plc is managed by a small team of three executive directors who are complemented by one non-executive director. The executive directors bring a wealth of experience in the residential and commercial property sectors and the non-executive director brings an invaluable independent view to the operation of the Board and the company.

GENDER DIVERSITY

The board of directors currently comprises four male directors. The group is committed to diversity and maintains a policy of recruiting the best candidate for every position.

COMMUNITY AND HUMAN RIGHTS ISSUES

Having given due consideration to relevant human rights issues and the small number of employees, we do not believe that the provision of detailed information in this area is relevant to the understanding of the performance and position of the business. However, we are confident that our business model and the transactions in which we engage do not contravene human rights principles or applicable legislation and in consequence we do not set any strategic targets in this area.

ENVIRONMENTAL MATTERS

The group operates from a serviced office and is therefore not responsible for the environmental matters and greenhouse emissions related thereto.

The strategic report was approved by the Board on 24 July 2017

ON BEHALF OF THE BOARD:

A J Sperrin
Director

PINEAPPLE CORPORATION PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the audited financial statements for the year ended 31 March 2017.

DIRECTORS

The directors who served during the period under review and up to the date of signing these financial statements were:

T H Berglund
A J Sperrin
D C Farley
A D D Crichton

DIVIDENDS

Dividends of £1,407,442 (property income distributions) were distributed during the year ended 31 March 2017, increased from £1,250,312 (including a property income distribution of £664,376) in the previous year.

GOING CONCERN

The directors, after having made appropriate enquiries, including (but not limited to) a review of the group's budget/forecast for 2017/2018, and cash generating capacity at least 12 months from the date of signing (underpinned by long term leases in place and historic results), have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and consider that there are no material uncertainties that lead to significant doubt upon the group's ability to continue as a going concern. For this reason they continue to adopt the going concern basis in preparing the annual report and financial statements.

FUTURE DEVELOPMENTS

For details of future developments see Chairman's Statement on page 2.

EVENTS AFTER THE BALANCE SHEET DATE

There have been no significant events between the year end and the date of approval of these financial statements which would require a change to, or disclosure in, the financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a number of financial risks including interest rate risk, credit risk and liquidity risk. The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. Further details of the financial risks are disclosed in the Strategic Report and in note 22 to the consolidated financial statements.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

All of the current directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant information needed by the group's Auditors (as defined by section 418 of the Companies Act 2006) for the purposes of their audit and to establish that the Auditors are aware of that information. The directors are not aware of any relevant audit information of which the Auditors are unaware.

AUDITOR

Harmer Slater Limited have expressed willingness to continue in office as auditor. A resolution to re-appoint Harmer Slater Limited and authorising the directors to determine their remuneration will be submitted at the Annual General Meeting.

The report of the directors was approved by the Board on 24 July 2017

ON BEHALF OF THE BOARD:

A J Sperrin
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have elected to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the parent company financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Principles) including FRS 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 and of the profit or loss of the company and the group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs and 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 company and 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 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for preparing the annual report in accordance with applicable laws and regulations. The directors consider the annual report and the financial statements, taken as a whole, provide the information necessary to assess the group's performance, business model and strategy and is fair, balanced and understandable.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the group's website www.pcreit.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the European Union for the group and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) for the parent company, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 MARCH 2017

In formulating the company's corporate governance procedures the Board of Directors takes due regard of the principles of good management and transparency as set down in the Principles of Corporate Governance of the Luxembourg Stock Exchange.

The company has, throughout the year, been in full compliance with the ten principles set out in the Principles of Corporate Governance.

The Board of Pineapple Corporation PLC is made up of three executive directors and one non-executive director.

The Board meets in person on a quarterly basis and by teleconference whenever the need arises, providing effective leadership and overall control of the group's affairs through the schedule of matters reserved for its decision. This includes the approval of the budget and business plan, major capital expenditure, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the directors in a timely manner, prior to Board meetings. The Board also receives a summary financial report before each Board meeting.

All directors have access to the advice and services of the company secretaries, who are responsible for ensuring that all Board procedures are followed. Any director may take independent professional advice at the company's expense in the furtherance of his duties.

The Audit Committee which meets not less than quarterly and considers the group's financial reporting (including accounting policies) and internal financial controls, consists of the Full Board and is chaired by A J Sperrin. The committee receives reports from management and from the group's auditors. The group has in place a series of procedures and controls designed to identify and prevent the risk of loss. These procedures are formally documented and are reported on regularly. The Audit Committee has reviewed the systems in place and considers these to be appropriate.

The Remuneration Committee which meets at least once a year and is responsible for making decisions on directors' remuneration packages is chaired by T H Berglund and comprises the Full Board.

The non-executive director is deemed to be independent of management and any business or other relationship that could interfere with the exercise of his independent judgement. This role is to help facilitate strategic decisions and to act as a sounding board to the executive board. His experience and knowledge of the property industry and listed companies is invaluable to the company.

The Board attaches importance to maintaining good relationships with all its shareholders and ensures that all price sensitive information is released to all shareholders at the same time in accordance with the Luxembourg Stock Exchange rules. The company's principal communication is through the Annual General Meeting and through the annual report and financial statements.

Report of the Independent Auditors to the Members of Pineapple Corporation Plc

We have audited the consolidated financial statements of Pineapple Corporation Plc for the year ended 31 March 2017 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, and the related notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 10, the directors are responsible for the preparation of the consolidated 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 consolidated financial statements in accordance with applicable 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

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 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 annual 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 consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Separate opinion in relation to IFRSs as issued by the IASB
As explained in note 2 to the consolidated financial statements, the group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the consolidated financial statements comply with IFRSs as issued by the IASB.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

Other matter

We have reported separately on the parent company financial statements of Pineapple Corporation Plc for the year ended 31 March 2017.

Ransford Agyei-Boamah (senior statutory auditor)
for and on behalf of:
Harmer Slater Limited
Statutory Auditor

Salatin House
19 Cedar Road
Sutton
Surrey SM2 5DA

24 July 2017

PINEAPPLE CORPORATION PLC

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 March 2017

	Note	2017 £	2016 £
Continuing operations			
Gross rental revenue		2,513,175	2,450,119
Property operating expenses		(457,317)	(446,295)
Net rental income		2,055,858	2,003,824
Administrative expenses		(472,012)	(625,386)
		1,583,846	1,378,438
Net valuation gains on investment properties		2,405,636	2,269,132
Profit on disposal of investment properties		374,766	256,312
Operating profit	6	4,364,248	3,903,882
Finance income		2	201
Finance expenses	7	(796,979)	(686,911)
Net financing costs		(796,977)	(686,710)
Profit on ordinary activities before taxation		3,567,271	3,217,172
Income tax (charge)/credit	9	(517)	188,407
Profit for the year after taxation attributable to equity shareholders		3,566,754	3,405,579

Earnings per share

		2017	2016
Basic and diluted earnings per share	11	42.1p	42.5p

The accompanying notes form an integral part of these financial statements

PINEAPPLE CORPORATION PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 March 2017

	2017 £	2016 £
Profit for the year after taxation	3,566,754	3,405,579
Items that may be reclassified subsequently to income statement:		
Exchange differences on translation of foreign operations	263,184	213,390
Changes in fair value of interest rate swap	(178,751)	-
Other comprehensive income for the year	84,433	213,390
Total comprehensive income for the year attributable to shareholders of the company	3,651,187	3,618,969

The accompanying notes form an integral part of these financial statements

Pineapple Corporation Plc

Consolidated Statement of Financial Position

As at 31 March 2017

	Note	2016 £	2016 £
Assets			
Non-current assets			
Investment properties	13	57,002,102	54,100,374
Total non-current assets		57,002,102	54,100,374
Current assets			
Inventories	14	3,500	3,500
Trade and other receivables	15	1,261,130	341,428
Cash and cash equivalents	16	2,700,493	140,872
Total current assets		3,965,123	485,800
Total assets		60,967,225	54,586,174
Liabilities			
Current liabilities			
Interest-bearing loans and borrowings	17	178,063	574,452
Derivative financial instruments	18	178,751	-
Trade and other payables	19	5,526,478	3,352,191
Total current liabilities		5,883,292	3,926,643
Non-current liabilities			
Interest-bearing loans and borrowings	17	18,984,167	17,653,113
Deferred tax liabilities	20	-	-
Total non-current liabilities		18,984,167	17,653,113
Total liabilities		24,867,459	21,579,756
Net assets		36,099,766	33,006,418
Equity			
Issued capital	21	8,529,952	8,304,701
Share premium		6,799,351	6,174,999
Hedge reserve		(178,751)	-
Translation reserve		585,557	322,373
Retained earnings		20,363,657	18,204,345
Total equity		36,099,766	33,006,418

The consolidated financial statements of Pineapple Corporation Plc (registration number 02954192) were approved by the Board of Directors and authorised for issue on 24 July 2017

ON BEHALF OF THE BOARD:

A J Sperrin
Director

The accompanying notes form an integral part of these financial statements

PINEAPPLE CORPORATION PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained earnings	Hedge reserve	Translation reserve	Total equity
	£	£	£	£	£	£
Balance at 1 April 2015	7,666,902	4,464,098	16,049,078	-	108,983	28,289,061
Comprehensive income						
Profit for the year	-	-	3,405,579	-	-	3,405,579
Foreign exchange translation differences	-	-	-	-	213,390	213,390
Total comprehensive income for the year	-	-	3,405,579	-	213,390	3,618,969
Transactions with owners						
Share issues	637,799	1,710,901	-	-	-	2,348,700
Dividends	-	-	(1,250,312)	-	-	(1,250,312)
Transactions with owners	637,799	1,710,901	(1,250,312)	-	-	1,098,388
Balance at 31 March 2016	8,304,701	6,174,999	18,204,345	-	322,373	33,006,418
Balance at 1 April 2016	8,304,701	6,174,999	18,204,345	-	322,373	33,006,418
Comprehensive profit						
Profit for the year	-	-	3,566,754	-	-	3,566,754
Foreign exchange translation differences	-	-	-	-	263,184	263,184
Changes in fair value of interest rate swap	-	-	-	(178,751)	-	(178,751)
Total comprehensive income/expense	-	-	3,566,754	(178,751)	263,184	3,651,187
Transactions with owners						
Share issues	225,251	624,352	-	-	-	849,603
Dividends	-	-	(1,407,442)	-	-	(1,407,442)
Transactions with owners	225,251	624,352	(1,407,442)	-	-	(557,839)
Balance at 31 March 2017	8,529,952	6,799,351	20,363,657	(178,751)	585,557	36,099,766

Retained earnings
Retained earnings represents cumulative profit or losses net of dividends paid and other adjustments.

Share premium
The share premium reserve represents the difference between the par value of shares issued and the subscription price.

Hedge reserve
The hedge reserve records the unrealised changes in the fair value of the interest rate swap.

Translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of subsidiaries that have a different functional currency from the presentation currency. Exchange differences arising are classified as equity and transferred to the group’s translation reserve. Such translation differences are recognised in the income statement in the period in which the operation is disposed of.

Pineapple Corporation Plc

Consolidated Statement of Cash Flow

For the Year Ended 31 March 2017

	2017	2016
	£	£
Cash flows from operating activities		
Operating profit	4,364,248	3,903,882
Adjustments for non-cash items:		
Profit on disposal of investment property	(374,766)	(256,312)
Revaluation of investment property	(2,405,636)	(2,269,132)
Increase in debtors	37,684	103,019
Decrease in creditors	(91,945)	(307,597)
Cash generated from operations	1,529,585	1,173,860
Interest paid	(1,294,150)	(672,775)
Tax paid	(517)	(6,269)
Net cash from operating activities	234,918	494,816
Cash flows from investing activities		
Interest received	-	201
Acquisition of subsidiary, net of cash acquired	-	3,664
Acquisition of investment properties	(783,538)	(402,612)
Sale of investment properties	3,328,940	1,021,255
Net cash inflow from investing activities	2,545,402	622,508
Cash flows from financing activities		
Proceeds from the issue of share capital	827,123	425,173
Equity dividends paid	(1,407,442)	(1,155,948)
Bank borrowings received	16,695,425	-
Bank borrowings repaid	(15,713,173)	(679,296)
Other loans received	1,133,379	594,204
Other loans repaid	(1,670,581)	(246,344)
Net cash inflow/(outflow) from financing activities	(135,269)	(1,062,211)
Net increase in cash and cash equivalents	2,645,051	55,113
Cash and cash equivalents at beginning of year	60,872	98,659
Effect of exchange rate fluctuations	(5,430)	(92,900)
Cash and cash equivalents at end of year	2,700,493	60,872

Cash and cash equivalents for the purposes of the consolidated statement of cash flow is presented net of bank overdraft amounting to £nil at 31 March 2017 (2016: £80,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Nature of operation and going concern

Pineapple Corporation Plc (the "company") is a company registered in England and Wales. The consolidated financial statements of the company for the year ended 31 March 2017 comprise the company and its subsidiaries (together referred to as the "group"). The nature of the company's principal activities are set out in the Strategic Report on pages 3 to 7.

The group financial statements have been prepared on a going concern basis which assumes that the group will be able to meet its liabilities as they fall due. The group's cash flow forecasts show that it has adequate resources available to continue in operational existence for the foreseeable future. In preparing these forecasts the directors have taken into account the potential breaches of various financing covenants if there are reductions in property valuations and the due dates for repayment of significant loans.

Having taken these matters into account the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations adopted by the International Accounting Standards Board ("IASB"), as adopted by the European Union and with the parts of the Companies Act 2006 applicable to companies reporting under IFRSs.

The group's approach to new accounting standards and interpretations issued during the year is set out below.

There are no standards, amendments and interpretations effective in the year ended 31 March 2017 and adopted for the first time.

Amendments to and interpretations of existing standards that are relevant to the group but are not yet effective and have not been adopted early are set out below.

The following amendments to, or interpretations of, existing standards that have been published and are mandatory for the group's future accounting periods beginning on or after 1 April 2017 are:

- IFRS 9 'Financial Instruments' (effective 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (effective 1 January 2018); and
- IFRS 16 Leases (effective 1 January 2019)

Management do not expect to implement the above standards until they can comprehensively assess the impact of all the changes.

3 Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis as modified by the revaluation of investment properties and the fair value of derivative financial instruments. The accounting policies set out below have been applied consistently by group entities to the period presented in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Significant accounting policies (continued)

(b) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements for the year ended 31 March 2017 incorporate the financial statements of Pineapple Corporation PLC (the company) and all its subsidiary undertakings (the group). Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Sterling at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Sterling at rates approximating to the foreign exchange rates ruling at the dates of the transactions.

(iii) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to translation reserve. They are released into the income statement upon disposal.

3 Significant accounting policies (continued)

(d) Investment properties

Investment properties are properties owned or leased under finance leases by the group which are held either for long-term rental income or for capital appreciation or both. Investment properties are initially recognised at cost (including related transaction costs) and revalued at the balance sheet date to fair value as determined by professionally qualified valuers. At least 25 per cent of the group's property portfolio (including any additions during the year) is valued annually by an external valuation agent and the remainder by the directors so that within every four year period all properties would have been subject to an external valuation. The basis of valuation of properties is described in note 13. Properties are treated as acquired at the point when the group assumes the significant risks and returns of ownership and as disposed when these are transferred to the buyer. This generally occurs on unconditional exchange, except where completion is expected to occur significantly later than exchange. Additions to investment properties consist of costs of a capital nature. In accordance with IAS 40: Investment Property, investment property held under a finance lease is stated gross of the recognised finance lease liability.

Gains or losses arising from changes in the fair value of investment property are included in the income statement of the period in which they arise. In accordance with IAS 40, as the group uses the fair value model, no depreciation is provided in respect of investment properties including integral plant.

Additions to investment properties consist of costs of a capital nature.

When the group redevelops an existing investment property for continued future use as an investment property, the property remains an investment property measured at fair value through the income statement.

(e) Inventories

Inventories comprise those properties held for sale or those being developed with a view to sell and are valued at the lower of cost and net realisable value.

(f) Financial instruments

Financial assets and financial liabilities are recognised in the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument. Accounting policies for individual financial instruments are disclosed under (g) to (m) below.

(g) Trade and other receivables

The carrying amount of trade and other receivables are a reasonable approximation of their respective fair values and in consequence are not re-measured at fair values. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3 Significant accounting policies (continued)

(i) Impairment

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy 3(i) (i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Calculation of recoverable amount

Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Trade and other payables

The carrying amount of trade and other payables is a reasonable approximation of their respective fair values and in consequence are not re-measured at fair values.

(k) Interest bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the amount initially recognised and the redemption value being recognised in the income statement over the period of the borrowings using the effective interest rate method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer the settlement of the liability for at least 12 months after the balance sheet date.

3 Significant accounting policies (continued)

(l) Derivative financial instruments

The group enters into derivative transactions such as interest rate swaps in order to manage or hedge its exposure to the risk of changes in interest rates. This is described in more detail in the Report of the Directors and in notes 18 and 22. The group does not enter into derivatives for trading or speculative purposes. The group documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in the hedging transactions are highly effective in offsetting the changes in fair values or cash flows of the hedged items.

Derivatives are initially recorded at fair value and are re-measured to fair value as calculated by the counterparties based on market prices at subsequent balance sheet dates. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in fair value of highly effective derivatives are recognised through the consolidated statement of comprehensive income with the ineffective proportion taken directly to the consolidated income statement.

(m) Issued share capital

Ordinary shares are classified as equity because they do not contain an obligation to transfer cash or another financial asset. Dividends are recognised as a liability in the period in which they are payable.

(n) Revenue recognition

The group recognises revenue on an accruals basis, when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the group. Revenue comprises rental income and the sale of property development stock.

Rental income from investment property leased out under an operating lease is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised as the conditions are satisfied.

(o) Operating lease arrangements

The group earns rental income by leasing its properties to tenants under non-cancellable operating leases. Leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases.

Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(p) Expenses

All expenses are recognised in the consolidated income statement on an accrual basis.

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

3 Significant accounting policies (continued)

(p) Expenses (continued)

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Finance expenses

Finance expenses comprise bank borrowing costs (including bank facility charges and interest rate swap payments/receipts) and other borrowing costs and is recognised using the effective interest method which calculates the amortised cost of a financial liability and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount of the financial liability.

(q) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. The UK group is a Real Estate Investment Trust (REIT); in consequence corporation tax is not payable on the income and gains generated from the tax exempt property business in the UK.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is not provided on timing differences arising from revaluation of investment properties within the UK REIT regime as any gains realised would be exempt from taxation as long as the REIT conditions are met.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates and are reflected in the Financial Statements as soon as they become apparent. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Valuation of investment properties

The group's property portfolio was revalued at the balance sheet date to fair value as follows: 36% of the portfolio amounting to £20.4M was externally valued by GVA Grimley Limited as at 24 March 2017 on the basis of market value. The remaining portfolio valuations were updated by the directors with assistance from Willmotts Chartered Surveyors at 31 March 2017 on the basis of market value. The investment property valuation is inherently subjective and contains a number of assumptions upon which GVA Grimley Limited and the directors have based their valuation of the group's properties. The assumptions on which the Property Valuation Reports have been based include, but are not limited to, matters such as recent comparable market transactions on arms length terms, the tenure and tenancy details for the properties, ground conditions at the properties and the structural condition of the properties.

Any variation in the valuations would have a material effect on the profit after tax and the net asset value of the group.

(ii) Deferred tax

The directors have not recognised a potential net deferred tax asset arising from capital losses amounting to €282K relating to its overseas subsidiary which is outside the REIT regime as they are of the opinion that this is unlikely to crystalise.

Any variation in the valuations would affect the profit after tax and the net asset value.

5. Operating segments

Operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the Board of Directors in order to allocate resources to the segments and to assess their performance.

5. Operating segments (continued)

All the group's operations relate to property investment and as such the group has only one segment. Additional information regarding geographical location is provided below:

	2017			2016		
	United Kingdom	Finland	Group	United Kingdom	Finland	Group
	£	£	£	£	£	£
Rental income	2,217,563	295,612	2,513,175	2,164,165	285,954	2,450,119
Property expenses	(298,841)	(158,476)	(457,317)	(265,614)	(180,681)	(446,295)
Net rental income	1,918,722	137,136	2,055,858	1,898,551	105,273	2,003,824
Property sales	2,533,622	1,430,006	3,963,628	1,260,095	-	1,260,095
Cost of sales	(2,404,902)	(1,183,961)	(3,588,863)	(1,003,783)	-	1,003,783)
Profit on sale of properties	128,720	246,045	374,765	256,312	-	256,312
Operating profit/(loss)	3,977,799	282,181	4,259,980	2,428,141	(1,475,741)	3,903,882
Total assets	56,427,180	4,540,045	60,967,225	49,357,502	5,228,672	54,586,174
Segment liabilities	20,544,682	4,322,777	24,867,459	15,762,734	5,817,022	21,579,756
Total capital expenditure	3,602,066	6,465	3,608,531	6,249,273	-	6,429,273
Depreciation	-	-	-	-	-	-

During the year gross rental income from one tenant in the United Kingdom amounted to £370,000 (2016: £370,000) representing more than 10% of the group's revenue.

6. Operating profit

The operating profit is after charging:

	2017	2016
	£	£
Auditor's remuneration:		
Audit fees - parent company and consolidated financial statements	22,000	22,000
Audit fees – subsidiary undertakings	10,800	8,000

The Audit Committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

7. Finance expenses

	2017	2016
	£	£
Bank borrowing costs	778,216	661,710
Other interest payable	18,763	25,201
	796,979	686,911

8. Personnel expenses

Salary costs

	2017	2016
	£	£
Short term employee benefits	124,000	121,750
Compulsory social security contributions	13,753	13,442
	137,753	135,192

Number of employees

The average number of employees (including directors) during the year was as follows:

	2017	2016
Administration	3	3

Only one director is remunerated through the group. All other directors receive no remuneration for their respective services to the group.

9. Income tax credit

Recognised in the income statement	2017	2016
	£	£
Current tax expense		
UK Corporation tax relating to previous period	517	-
Deferred tax expense		
Deferred tax on revaluation of investment properties	-	(188,407)
Total income tax charge/(credit)	517	(188,407)

UK Corporation tax is calculated at 20% (2016: 20%) of the estimated taxable profit for the year. Taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

9. Income tax expense (continued)

The charge/(credit) for the year can be reconciled to the profit per the income statement as follows:

Reconciliation of effective tax rate	2017	2016
	£	£
Profit on ordinary activities before taxation	3,567,271	3,217,172
Income tax using the domestic corporation tax rate of 20% (2016: 20%)	713,456	643,434
REIT exempt property gains on disposal	(74,953)	(51,262)
REIT exempt property rental profits and revaluations in the year	(638,503)	(780,579)
Increase in tax from adjustment to prior period	517	-
Total income tax charge/(credit) in the income statement (as above)	517	(188,407)

Pineapple Corporation PLC has a Group Real Estate Investment Trust (GREIT) status. The group does not pay UK corporation tax on the profits and gains from qualifying rental business in the UK provided it meets certain conditions. Non-qualifying profits and gains of the group continue to be subject to corporation tax as normal.

10. Dividends

Amounts recognised as distributions to equity shareholders in the year are as follows:

	2017 Dividend paid per share	2017	2016 Dividend paid per share	2016
	Pence	£	Pence	£
Ordinary dividend paid 28 September 2015	-	-	7.5	585,936
Property income distribution paid on 29 September 2016	8.0	682,396	-	-
Property income distribution paid on 31 March 2017 (28 March 2016)	8.5	725,046	8.0	664,376
	16.5	1,407,442	15.5	1,250,312

11. Earnings per share

Basic earnings per share

Earnings per share and adjusted earnings per share have been calculated using the weighted average number of shares in issue during the year of 8,476,141 (2016: 8,006,546) as follows:

	2017 Profit after tax	2017 Earnings per share	2016 Profit after tax	2016 Earnings per share
	£	Pence	£	Pence
Basic and diluted	3,566,754	42.1	3,405,579	42.5
Gain on revaluation of investment properties	(2,405,636)	(28.4)	(2,269,132)	(28.3)
Adjusted	1,161,118	13.7	1,136,447	14.2

Diluted earnings per share is the same as basic earnings per share as there were no dilutive instruments.

12. Result of parent company

As permitted by section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £3,065,966 (2016: £3,203,884).

13. Investment properties

	£
Valuation	
Balance at 1 April 2015	48,916,048
Acquisitions	3,459,766
Disposals	(947,943)
Revaluation	2,269,132
Foreign exchange differences	403,371
Balance at 31 March 2016	54,100,374
Balance at 1 April 2016	54,100,374
Acquisitions	3,608,531
Disposals	(3,574,174)
Revaluation	2,405,637
Foreign exchange differences	461,734
Balance at 31 March 2017	57,002,102
Carrying amounts	
At 31 March 2016	54,100,374
At 31 March 2017	57,002,102

In accordance with IAS 40 the carrying value of investment properties is their fair value as determined by qualified valuers.

The group's property portfolio was revalued at the balance sheet date to fair value as follows: 36% of the portfolio amounting to £20.4m was externally valued by GVA Grimley Limited, qualified independent valuers, as at 24 March 2017 in accordance with the Appraisal and Valuation Standards of RICS which became effective on 1 May 2003, on the basis of market value. The directors are of the opinion that it is unlikely that there has been a material change in value between the last valuation date and 31 March 2017 and in consequence have not updated the valuation. The remaining portfolio valuations amounting to £36.6m were updated by the directors with assistance from Willmotts Chartered Surveyors, qualified valuers, at 31 March 2017 on the basis of market value. Market value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller. Market value is estimated without regard to costs of sale.

The historical cost of properties at 31 March 2017 was £39,975,164 (2016: £39,460,534). The historical cost of leasehold properties included within the above amounted to £3,988,782 (2016: £5,267,025).

The independent valuation of all property assets uses market evidence and also includes assumptions regarding income expectations and yields that investors would expect to achieve on those assets over time. Many external economic and market factors, such as interest rate expectations, bond yields, the availability and cost of finance and the relative attraction of property against other asset classes, could lead to a reappraisal of the assumptions used to arrive at current valuations. In adverse conditions, this reappraisal can lead to a reduction in property values and a loss in net asset values.

14. Inventories

	2017	2016
	£	£
Property trading stock	3,500	3,500

15. Trade and other receivables

	2017	2016
	£	£
Rent receivable	110,960	108,060
Other receivables	605,131	109,412
Prepayments and accrued income	545,039	123,956
	1,261,130	341,428

Rent receivables are all considered past due as they relate to rents receivable from tenants all of which are payable in advance. In accordance with IFRS 7, the amounts shown as past due represent the total credit exposure.

16. Cash and cash equivalents

	2017	2016
	£	£
Bank balances	2,700,493	140,872
Cash and cash equivalents	2,700,493	140,872

17. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the group's interest-bearing loans and borrowings. For more information about the group's exposure to interest rate risk, see note 22.

	2017	2016
	£	£
Current liabilities		
Bank overdraft	-	80,000
Bank loans	178,063	494,452
	178,063	574,452
Non-current liabilities		
Bank loans	18,984,167	17,653,113
	18,984,167	17,653,113
Total borrowings	19,162,230	18,227,565

17. Interest-bearing loans and borrowings

Repayment analysis

	2017	2016
	£	£
Total borrowings		
Within one year	178,063	574,452
One to two years	178,063	352,873
Two to three years	178,063	227,873
Three to four years	178,063	227,873
Four to five years	18,344,344	227,873
Over five years	105,634	16,616,621
	19,162,230	18,227,565

The bank borrowings are secured by fixed and floating charges over the group's assets. Interest is payable at 2.55% over LIBOR on sterling denominated loans of £18,166,281. In addition, interest is payable at 1.25% above EURIBOR on Euro denominated borrowings of €1,155,447. The loans mature on various dates between 2017 and 2021. The group has taken out an interest rate swap in respect of the first £10 million of sterling denominated borrowings to effectively fix the interest rate on this amount at a rate of 3.658% until 4 May 2021.

18. Derivative financial instruments - liabilities

	2017	2016
	£	£
Fair value of interest rate swaps	178,751	-

Fair values have been calculated by using market values at the balance sheet date.

The company's strategy in respect of the use of financial instruments to manage risk is detailed in the Report of the Directors. At 31 March 2017, the fair value of fixed interest rate swap was a liability of £178,751 (2016 – £nil) and comprised a fixed interest rate swap entered into in May 2016 in order to swap the first £10,000,000 of sterling denominated bank borrowings to effectively fix the interest rate on this amount at a rate of 3.658% until 4 May 2021.

19. Trade and other payables

	2017	2016
	£	£
Trade payables	139,874	89,408
Other payables	4,911,454	2,665,762
Other taxes	131,917	126,339
Accruals and deferred income	343,233	470,682
	5,526,478	3,352,191

The directors consider that the carrying value of trade and other payables approximates to their fair value.

20. Deferred tax provision

	2017 £	2016 £
Deferred tax		
Opening balance	-	75,374
Exchange differences	-	4,743
Reversal of temporary differences:		
Revaluation of overseas based investment properties	-	(80,117)
Closing balance	-	-

The directors have not recognised a potential net deferred tax asset arising from capital losses amounting to €282K relating to its overseas subsidiary which is outside the REIT regime as they are of the opinion that this is unlikely to crystalise.

21. Capital and reserves

Share capital	***Number***
In issue at 1 April 2015	7,666,902
Issued for cash	347,799
Issued for shares	290,000
In issue at 31 March 2016	8,304,701
In issue at 1 April 2016	8,304,701
Issued for cash	225,251
Issued for shares	-
In issue at 31 March 2017	8,529,952

Issue of ordinary shares

On 26 April 2016, the company issued 6,756 ordinary shares of £1 each at a premium of £2.70 raising cash of £24,997.

On 19 May 2016, the company issued 6,332 ordinary shares of £1 each at a premium of £2.80 raising cash of £24,062.

On 31 May 2016, the company issued 50,000 ordinary shares of £1 each at a premium of £2.70 raising cash of £185,000

On 13 June 2016, the company issued 4,054 ordinary shares of £1 each at a premium of £2.70 raising cash of £15,000.

On 4 July 2016, the company issued 2,702 ordinary shares of £1 each at a premium £2.70 raising cash of £9,997.

On 8 July 2016, the company issued 150,000 ordinary shares of £1 each at a premium of £2.80 raising cash of £570,000

On 12 August 2016, the company issued 5,407 ordinary shares of £1 each at a premium of £2.80 raising cash of £20,546.

21. Capital and reserves (continued)

Reserves

Information on reserves is detailed on page 17.

22. Risk and financial instruments

The board of directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, interest rate risk, credit risk and liquidity risk each of which is discussed below.

Foreign currency risk

The group has a subsidiary undertaking located in Finland. The Finnish subsidiary receives income, incurs expenses and holds net assets in Euros. The group's principal exchange rate exposure is therefore related to movements between the Euro and Sterling. The group's cash resources and bank loans are denominated in Sterling and Euros. The group has a downside exposure to any weakening of the Euro as this would decrease the value of the Finnish investment property in Sterling terms. Any strengthening of the Euro would however result in an increase in the value of the Finnish investment property. Any such movements would affect the Consolidated Balance Sheet when the net assets of the Finnish Subsidiary are translated into Sterling. The policy in relation to the translation of foreign currency assets and liabilities is set out in note 1, 'Accounting Policies Foreign Currencies' to the consolidated financial statements.

At 31 March 2017, the group had Euro denominated bank loans and overdraft of £995,949 (€1,155,447) (2016: £2,223,097 (€2,806,941)) which was held by its Finnish subsidiary undertaking.

Based on the net assets of the Finnish subsidiary undertaking at the year end, a 10% weakening or strengthening of sterling would have a £343k impact on the group’s net assets (largely arising from changes in the translation reserves) and based on the results for the period ended 31 March 2017 of the Finnish subsidiary undertaking, a 10% weakening or strengthening of sterling would have a £22k impact on the group’s results.

Liquidity risk

The group relies on a mix of shareholder funding and bank loans to finance its operations. The main liquidity risk arises from loan covenants and renewal/repayment of loans when they are due for renewal/repayment. The group regularly monitors its financial ratios to ensure that it complies with the loan covenants.

Interest rate risk

The group finances its operations in the UK and Finland through retained profits and medium term bank borrowings. UK borrowings are subject to an interest rate of 2.55% above the LIBOR over the term of the loan. Finnish borrowings are subject to an interest rate of 1.25% above EURIBOR over the term of the loan.

The group has taken out an interest rate swap in respect of the first £10 million of the outstanding sterling denominated borrowings, effectively fixing the interest rate at 3.658% until 4 May 2021 as detailed in note 18.

Based on the group’s average interest rate at the balance sheet date, an increase in LIBOR to 608 bps and a 214 pbs increase in EURIBOR would increase net interest payable in the income statement and reduce equity by £497k (2016: £0.7m). Similarly, a 25 bps reduction in the LIBOR and a 38 pbs reduction in EURIBOR would decrease net interest payable in the income statement and increase equity by £24k (2016: £84k). The sensitivity has been calculated by using the largest annual changes in both the average LIBOR rate and the 3 month EURIBOR over the last ten years. The impact assumes both rates will not fall below 0%.

The average interest rate for the fixed rate bank loans outstanding at 31 March 2017 was 3.19% (2016: 3.75%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Risk and financial instruments (continued)

Credit risk

The group's principal exposure to credit risk arises from rent and other receivables as detailed in note 15 and cash held at bank as detailed in note 16. The group's bank deposits are held with high quality financial institutions in order to minimise credit risk. The maximum credit risk to which the group was exposed at 31 March 2017 was £3,960,244 (2016: £481,033).

The group's credit risk is primarily attributable to its rent and other receivables as its cash holdings are mainly with Barclays Bank. The amount of rent and other receivables presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the group's management, based on prior experience and their assessment of the current economic environment. The group has no significant concentration of credit risk, with exposure spread over a number of tenants. The credit status of tenants is continuously monitored and particularly reviewed before properties are acquired, before properties are let and before new leases are granted.

Fair values

The classes of financial instruments are the same as the line items included on the face of the statement of financial position and have been analysed in more detail in the notes to the accounts. Exposure to credit, liquidity and market risks arises in the normal course of the group's business. At 31 March 2017, the group had £19,162,230 (2016: £18,227,565) of medium-term borrowing, of which £712,252 is repayable within the next four years and £18,449,978 in 2021 at fixed interest rates averaging 3.19% (2016: 3.75%). The fair values of loans and receivables and financial liabilities held at amortised cost were not materially different from book values.

The group held a fixed interest rate swap entered into in May 2016 in order to swap the first £10,000,000 of its sterling denominated borrowings to effectively fix the interest rate on this amount at a rate of 3.658% until 4 May 2021. The fair value of the swap at the year end was a liability of £178,751.

Valuation hierarchy

The group considers all of its investment properties which are valued at market value to fall within 'Level 2', as described by IFRS13. There has been no change in classification in the year (2016 none). Details of the valuation process are included in note 13 to the consolidated financial statements.

The group considers its interest rate swap which is valued at fair value to fall within 'Level 2', as described by IFRS13. There has been no change in classification in the year (2016 none). Any changes in fair value are recognised through the consolidated statement of comprehensive income. Further details are disclosed in note 18 to the consolidated financial statements.

The carrying value of all other group financial instruments at 31 March 2017 approximates their fair values and therefore were not measured at fair value. Consequently, no fair value hierarchy has been presented for all other group financial instruments.

Capital risk management

The group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to increase the value of the entity for the benefit of shareholders.

Consistent with others in the industry the group monitors capital on the basis of the net asset value per share and the gearing ratio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Risk and financial instruments (continued)

Net asset value

The net asset values and adjusted net asset values per share at 31 March 2017 and 2016 were as follows:

	2017	2016
	£	£
Net assets	36,099,766	33,006,418
Adjustment to net assets relating to deferred tax on investment properties	-	-
Adjusted net assets	36,099,766	33,006,418
Number of shares in issue	8,529,952	8,304,701
Net asset value per share (pence)	423	397
Adjusted net asset value per share (pence)	423	397

Gearing

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt. The gearing ratios at 31 March 2017 and 2016 were as follows:

	2017	2016
	£	£
Total borrowings	24,251,747	20,893,327
Less: cash and cash equivalents	(2,700,493)	(140,872)
Net debt	21,551,254	20,752,455
Total equity	36,099,766	33,006,418
Total capital	57,651,020	53,758,873
Gearing ratio	37%	39%

Maturity of Group financial liabilities

The expected maturity profiles of the group's borrowings together with the interest rate profile of the group's undiscounted borrowings are set out under note 17.

Trade and other payables are expected to mature within one year.

Derivative financial instruments are expected to mature at a rate of £44,688 per annum over the next 4 years to May 2021.

Borrowing facilities

The group has no undrawn committed borrowing facilities.

23. Capital commitments

There were no capital commitments at 31 March 2017 or at 31 March 2016.

24. Contingent liabilities

There were no contingent liabilities at 31 March 2017 or at 31 March 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Related parties

Subsidiaries

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management personnel

The key management personnel are the directors of the group. Directors of the group and their immediate relatives control 22.12% (2016: 22.72%) of the voting shares of the group.

The directors' compensations were as follows:

	2017	2016
	£	£
Director's remuneration	44,000	44,000

Only one director is remunerated through the group. All other directors receive no remuneration for their respective services to the group.

During the year D C Farley purchased a property for the sum of £950,000 from the group. The transaction was undertaken on an arms' length basis.

The following directors and their immediate family members received dividends and property income distributions during the year in respect of their shareholdings as follows:

	2017	2016
	£	£
D C Farley (and immediate family members)	81,936	105,532
T H Berglund (and immediate family members)	111,701	112,427
A J Sperrin (and immediate family members)	39,131	51,708

At 31 March 2017, the following amounts were owed to/(from) the directors or their immediate family members:

	2017	2016
	£	£
D C Farley (and immediate family members)	51,773	48,282
T H Berglund (and immediate family members)	278,728	209,920
A J Sperrin (and immediate family members)	-	10,002

Other related party transactions

A J Sperrin and T H Berglund jointly control Willmotts Corporation Limited. The transactions between the group and Willmotts Corporation Limited or its subsidiaries, all of which were undertaken on an arm's-length basis, were as follows.

	2017	2016
	£	£
Property and other management fees charged to the group	223,394	211,602
Property income distribution or dividend paid by the group	82,173	67,503
Amount owed by the group at the year end	-	22,126

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Related parties (continued)

D C Farley and family control Pointexport Limited. The transactions between this company and the group were as follows:

	2017	2016
	£	£
Annual rent payable to the group	63,500	63,500
Amounts owed (to the group)/by the group at the year end	(492,248)	150,247
Dividends paid by the group	12,626	11,861
Property sale by the group to Pointexport Limited	500,000	-

The amounts owed to or by the group are unsecured, interest free and have no fixed repayment date or repayment schedule.

26. Operating Lease Arrangements

At 31 March 2017, the group had contracted with tenants to receive the following future minimum lease payments:

	2017	2016
	£	£
Not later than one year	1,800,756	2,112,620
Later than one year but not more than five years	1,635,035	2,444,284
More than five years	3,403,222	3,629,501

There were no contingent rents recognised as income during the current or previous year.

27. Events After the Balance Sheet Date

There have been no significant events between the year end and the date of approval of these consolidated financial statements which would require a change to, or disclosure in, the consolidated financial statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PINEAPPLE CORPORATION PLC

We have audited the parent company financial statements of Pineapple Corporation Plc for the year ended 31 March 2017 which comprise the company Statement of Financial Position, the company Statement of Changes in Equity and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities set out on page 10, the directors are responsible for the preparation of the parent company 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 parent company financial statements in accordance with applicable 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 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 annual 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 parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 31 March 2017;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and
- have been prepared in accordance with the requirements of the Companies Act 2006.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PINEAPPLE CORPORATION PLC (CONTINUED)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the parent company financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

Other matter

We have reported separately on the consolidated financial statements of Pineapple Corporation Plc for the year ended 31 March 2017.

Ransford Agyei-Boamah (senior statutory auditor)
for and on behalf of
Harmer Slater Limited
Statutory Auditor

Salatin House
19 Cedar Road
Sutton
Surrey SM2 5DA

24 July 2017

Pineapple Corporation Plc

Company Statement of Financial Position

As at 31 March 2017

	Note	2017 £	2016 £
Assets			
Non-current assets			
Investment properties	7	38,441,923	35,764,490
Investments in subsidiaries	8	3,991,214	3,988,921
Total non-current assets		42,433,137	39,753,411
Current assets			
Inventories	9	3,500	3,500
Trade and other receivables	10	9,923,828	9,646,945
Cash and cash equivalents		2,605,285	123,943
Total current assets		12,532,613	9,774,388
Total assets		54,965,750	49,527,799
Liabilities			
Current liabilities			
Interest-bearing loans and borrowings	11	-	166,667
Derivative financial instruments	12	178,751	-
Trade and other payables	13	3,920,840	3,563,276
Total current liabilities		4,099,591	3,729,943
Non-current liabilities			
Interest-bearing loans and borrowings	11	18,166,281	15,427,354
Total non-current liabilities		18,166,281	15,427,354
Total liabilities		22,265,872	19,157,297
Net assets		32,699,878	30,370,502
Equity			
Called up share capital	14	8,529,952	8,304,701
Share premium account	14	6,799,351	6,174,999
Hedge reserve	14	(178,751)	-
Other reserve	14	12,904,289	10,613,545
Retained earnings	14	4,645,037	5,277,257
Total equity		32,699,878	30,370,502

The financial statements of Pineapple Corporation Plc (registration number 02954192) were approved by the Board of directors and authorised for issue on 24 July 2017

ON BEHALF OF THE BOARD:

A J Sperrin
Director

The accompanying notes form an integral part of these financial statements

PINEAPPLE CORPORATION PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Hedge reserve	Other reserve	Retained earnings	Total equity
	£	£	£	£	£	£
Balance at 1 April 2016	8,304,701	6,174,999	-	10,613,545	5,277,257	30,370,502
Comprehensive income						
Profit for the year					3,065,966	3,065,966
Changes in fair value of interest rate swap			(178,751)		-	(178,751)
Total comprehensive income for the year	-	-	(178,751)	-	3,065,966	2,887,215
Transfers	-	-	-	2,290,744	(2,290,744)	-
Share issues	225,251	624,352	-	-	-	849,603
Dividends	-	-	-	-	(1,407,442)	(1,407,442)
Balance at 31 March 2017	8,529,952	6,799,351	(178,751)	12,904,289	4,645,037	32,699,878
Balance at 1 April 2015	7,666,902	4,464,098	-	8,867,585	5,069,644	26,068,229
Comprehensive income						
Profit for the year	-	-	-	-	3,203,885	3,203,885
Total comprehensive income for the year	7,666,902	4,464,098	-	8,867,585	8,273,529	29,272,114
Transfers	-	-	-	1,745,960	(1,745,960)	-
Share issues	637,799	1,710,901	-	-	-	2,348,700
Dividends	-	-	-	-	(1,250,312)	(1,250,312)
Balance at 31 March 2016	8,304,701	6,174,999	-	10,613,545	5,277,257	30,370,502

Retained earnings
Retained earnings represents cumulative profit or losses net of dividends paid and other adjustments.

Other reserve
The other reserve represents non-distributable reserves arising on the revaluation of investment properties.

Share premium
The share premium reserve represents the difference between the par value of shares issued and the subscription price.

Hedge reserve
The hedge reserve records the unrealised changes in the fair value of the interest rate swap.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 General Information

Pineapple Corporation Plc ("the company") is a public company limited by share capital incorporated in the England and Wales. The company's shares are admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange.

The address of its registered office and principal place of business is 12 Blacks Road, Hammersmith, London W6 9EU.

The company acts as a holding company and owns a portfolio of properties as an investment company.

2 Significant accounting policies

(a) Going concern

The company's financial statements have been prepared on a going concern basis which assumes that the company will be able to meet its liabilities as they fall due. The company's cash flow forecasts show that it has adequate resources available to continue in operational existence for the foreseeable future. In preparing these forecasts the directors have taken into account the potential breaches of various financing covenants if there are reductions in property valuations and the due dates for repayment of significant loans.

Having taken these matters into account the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

(b) Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

(c) Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The functional currency of the company is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

(d) Summary of disclosure exemptions

The company is a qualifying entity (for the purposes of FRS 102) and in consequence has taken advantage of the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- the requirement to disclose transactions with group entities
- financial instrument disclosures, including: categories of financial instruments, items of income, expenses, gains or losses relating to financial instruments and exposure to and management of financial risks.

(e) Critical accounting judgements and estimates

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

2 Significant accounting policies (continued)

(e) Critical accounting judgements and estimates (continued)

Valuation of investment properties

The company's property portfolio was revalued at the balance sheet date to fair value as follows: 39% of the portfolio amounting to £15.4m was externally valued by GVA Grimley Limited as at 24 March 2017 on the basis of market value. The remaining portfolio valuations were updated by the directors with assistance from Willmotts Chartered Surveyors at 31 March 2017 on the basis of market value. The investment property valuation is inherently subjective and contains a number of assumptions upon which GVA Grimley Limited and the directors have based their valuation of the company's properties. The assumptions on which the Property Valuation Reports have been based include, but are not limited to, matters such as recent comparable market transactions on arms length terms, the tenure and tenancy details for the properties, ground conditions at the properties and the structural condition of the properties.

(f) Taxation

Current tax represents the expected tax payable (or recoverable) on the taxable profits for the year using tax rates enacted or substantively enacted at the balance sheet date and taking into account any adjustments arising from prior years.

The company is a member of a group Real Estate Investment Trust (REIT), therefore deferred tax is not provided on timing differences arising from revaluation of those assets as any gains realised would be exempt from taxation as long as the REIT conditions are met.

(g) Investment properties

Investment properties are properties owned by the company which are held for long-term rental income or for capital appreciation or both and are included in fixed assets at their latest valuation plus subsequent additions at cost. Surpluses and deficits arising on valuation are taken direct to the Income Statement.

The group's property portfolio (which includes the company's investment properties) is valued annually. At least 25 per cent of the properties held at the previous year end together with any additions during the year will be valued by an external valuation agent and the remainder by the directors so that within every four year period all properties would have been subject to an external valuation.

(h) Investments

Fixed asset investments in subsidiary and associated undertakings are stated at cost less provision for impairment.

The carrying value of investments in subsidiary undertakings and associated undertakings are reviewed as necessary for impairment. Impairment is calculated as the difference between the carrying value and the estimated value-in-use or disposal value if higher. Value-in-use represents the present value of future expected cash flows discounted on a pre-tax basis. The carrying amount of the investment is written down where impairment is identified.

2 Significant accounting policies (continued)

(i) Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the Income Statement.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Income Statement.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank.

(k) Receivables

Receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables

(l) Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

(m) Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED

2. Significant accounting policies (continued)

(n) Derivative financial instruments

The company enters into derivative transactions such as interest rate swaps in order to manage or hedge its exposure to the risk of changes in interest rates. This is described in more detail in the Report of the Directors and in notes 18 and 22 to the consolidated financial statements. The company does not enter into derivatives for trading or speculative purposes. The company documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in the hedging transactions are highly effective in offsetting the changes in fair values or cash flows of the hedged items.

Derivatives are initially recorded at fair value and are re-measured to fair value as calculated by the counterparties based on market prices at subsequent balance sheet dates. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in fair value of such derivatives are recognised through the statement of comprehensive income.

(o) Property development inventory

Property development inventory is valued at the lower of cost and net realisable value.

(p) Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3. Income statement

As permitted by section 408 of the Companies Act 2006, the Income Statement of the company is not presented as part of these financial statements. The profit attributable to shareholders dealt with in the company's accounts for the financial year was £3,065,966 (2016: £3,203,885).

4. Staff costs

	2017	2016
	£	£
Short term employee benefits	124,000	121,750
Compulsory social security contributions	13,753	13,442
	137,753	135,192

Number of employees

The average number of employees (including directors) during the year was as follows:

	2017	2015
	£	£
Administration	3	3

5. Directors' Remuneration

Salary costs

	2017	2016
	£	£
Short term employee benefits	44,000	44,000

Only one director is remunerated through the company. All other directors receive no remuneration for their respective services to the company.

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

6. Finance expenses

	2017	2016
	£	£
Bank borrowing costs	711,661	557,520
	711,661	557,520

7. Investment properties

	Investment Properties
	£
Cost	
Balance at 1 April 2016	35,764,490
Additions	694,703
Disposals	(614,472)
Revaluation	2,597,202
Balance at 31 March 2017	38,441,923
Carrying amounts	
At 31 March 2017	38,441,923
At 31 March 2016	35,764,490

The company's property portfolio was revalued at the balance sheet date to fair value as follows: 39% of the portfolio amounting to £15.4M was externally valued by GVA Grimley Limited, qualified independent valuers, as at 24 March 2017 in accordance with the Appraisal and Valuation Standards of RICS which became effective on 1 May 2003, on the basis of market value. The directors are of the opinion that it is unlikely that there has been a material change in value between the last valuation date and 31 March 2017 and in consequence have not updated the valuation. The remaining portfolio valuations amounting to £23.3M were updated by the directors with assistance from Willmotts Chartered Surveyors, qualified valuers, at 31 March 2017 on the basis of market value. Market value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller. Market value is estimated without regard to costs of sale.

The historical cost of properties at 31 March 2017 was £26,360,058 (2016: £25,150,945). The historical cost of leasehold properties included within the above amounted to £2,628,782 (2016: £3,907,025).

The independent valuation of all property assets uses market evidence and also includes assumptions regarding income expectations and yields that investors would expect to achieve on those assets over time. Many external economic and market factors, such as interest rate expectations, bond yields, the availability and cost of finance and the relative attraction of property against other asset classes, could lead to a reappraisal of the assumptions used to arrive at current valuations. In adverse conditions, this reappraisal can lead to a reduction in property values and a loss in net asset values.

8. Investments held in subsidiaries

	Shares in subsidiary undertakings
	£
Cost	
Balance at 1 April 2016	7,629,669
Additions	2,293
Balance at 31 March 2017	7,631,962
Provision	
Balance at 1 April 2016 and at 31 March 2017	3,640,748
Carrying amounts	
At 31 March 2017	3,991,214
At 31 March 2016	3,988,921

The company's subsidiary undertakings (listed below) are 100% owned by the company.

Subsidiary undertaking	Country of Incorporation	Direct or Indirect Holding	Principal Activity
Aspectvista Limited	England	Direct	Property Investment
Fastbulb Limited	England	Direct	Property Investment
Cranswick Builders Limited	England	Direct	Property Investment
Tammberg OY	Finland	Direct	Property Investment
Maplebutton Limited	England	Direct	Property Investment
Torasup Limited	England	Direct	Property Investment
Delta House Studios Limited	England	Direct	Property Investment
Trueline Properties Limited	England	Direct	Property Investment
Pagecable Limited	England	Direct	Dormant
Duneflight Limited	England	Direct	Dormant
Aspectsaver Limited	England	Direct	Property Investment
Drillscene Limited	England	Direct	Property Investment
Earthstring Limited	England	Direct	Property Investment
Greenexpert Limited	England	Direct	Property Investment
Logicspirit Limited	England	Direct	Property Investment
Saverteam Limited	England	Direct	Property Investment
Shapemenu Limited	England	Direct	Property Investment
Spiritframe Limited	England	Direct	Property Investment
Basechange Limited	England	Direct	Property Investment
Awarddeal Limited	England	Indirect	Property Investment
Finlaw Thirty-Six Limited	England	Indirect	Property Investment
Wingdawn Property Co Limited	England	Indirect	Property Investment
Rapidbronze Limited	England	Indirect	Dormant
Fastflask Limited	England	Indirect	Dormant
Deckcoin Limited	England	Indirect	Dormant
Roundbell Limited	England	Indirect	Property Investment
Pineapple property 1A Limited	England	Direct	Dormant
Pineapple property 1B Limited	England	Direct	Dormant
Pineapple property 1C Limited	England	Direct	Dormant
Pineapple property 1D Limited	England	Direct	Dormant
Pineapple property 1E Limited	England	Direct	Dormant

8. Investments held in subsidiaries (continued)

Pineapple property 1F Limited	England	Direct	Dormant
Pineapple property 1G Limited	England	Direct	Dormant
Pineapple property 1H Limited	England	Direct	Dormant
Pineapple property 1I Limited	England	Direct	Dormant
Pineapple property 1J Limited	England	Direct	Dormant
Pineapple property 1K Limited	England	Direct	Dormant
Pineapple property 1L Limited	England	Direct	Dormant
Pineapple property 1M Limited	England	Direct	Dormant
Pineapple property 1N Limited	England	Direct	Dormant
Pineapple property 1O Limited	England	Direct	Dormant

9. Inventories

	2017	2016
	£	£
Property trading stock	3,500	3,500

10. Trade and other receivables

	2017	2016
	£	£
Rent receivable	107,725	104,205
Other receivables	86,426	97,357
Amounts due from subsidiary undertakings	9,200,312	9,335,148
Prepayments and accrued income	529,365	110,235
	9,923,828	9,646,945

Rent receivables are all considered past due as they relate to rents receivable from tenants all of which are payable in advance.

11. Interest-bearing loans and borrowings

	2017	2016
	£	£
Current liabilities		
Bank overdrafts		-
Bank loan	-	166,667
Non-current liabilities		
Bank loan	18,166,281	15,427,354
	18,166,281	15,594,021

11. Interest-bearing loans and borrowings (continued)

The bank loans are repayable as follows:

	2017	2016
	£	£
Bank loans		
Within one year	-	166,667
Between one and two years	-	166,667
Between two and five years	18,166,281	15,260,687
	18,166,281	15,594,021

The bank loans are secured by fixed and floating charges over the group's assets. Interest is payable at 2.55% over LIBOR on sterling denominated loans of £18,166,281. The loans mature on various dates between 2017 and 2021. The company has taken out an interest rate swap in respect of the first £10 million of borrowings to effectively fix the interest rate on this amount at a rate of 3.658% until 4 May 2021.

12. Derivative financial instruments - liabilities

	2017	2016
	£	£
Fair value of interest rate swaps	178,751	-

Fair values have been calculated by using market values at the balance sheet date.

The company's strategy in respect of the use of financial instruments to manage risk is detailed in the Report of the Directors. At 31 March 2017, the fair value of fixed interest rate receivable swap was a liability of £178,751 and comprised a fixed interest rate receivable swap entered into in May 2016 in order to swap the first £10,000,000 of the bank loan to effectively fix the interest rate on this amount at a rate of 3.658% until 4 May 2021.

13. Trade and other payables

	2017	2016
	£	£
Trade payables	55,026	67,820
Other payables	411,890	1,697,736
Amount owed to subsidiary undertaking	3,038,418	1,263,387
Other taxes	121,039	125,180
Accruals and deferred income	294,467	409,153
	3,920,840	3,563,276

The directors consider that the carrying value of trade and other payables approximates to their fair value.

14. Share capital

	2017	2016
	£	£
Allotted, called up and fully paid		
Equity		
8,529,952 (2016: 8,304,701) ordinary shares of £1 each	8,529,952	**8,304,701**

The company has one class of share which carries no rights to fixed income.

For information on individual reserves see page 41.

14. Share capital (continued)

Issue of ordinary shares

On 26 April 2016, the company issued 6,756 ordinary shares of £1 each at a premium of £2.70 raising cash of £24,997.

On 19 May 2016, the company issued 6,332 ordinary shares of £1 each at a premium of £2.80 raising cash of £24,062.

On 31 May 201,6 the company issued 50,000 ordinary shares of £1 each at a premium of £2.70 raising cash of £185,000

On 13 June 2016, the company issued 4,054 ordinary shares of £1 each at a premium of £2.70 raising cash of £15,000.

On 4 July 2016, the company issued 2,702 ordinary shares of £1 each at a premium £2.70 raising cash of £9,997.

On 8 July 2016, the company issued 150,000 ordinary shares of £1 each at a premium of £2.80 raising cash of £570,000

On 12 August 2016, the company issued 5,407 ordinary shares of £1 each at a premium of £2.80 raising cash of £20,546

15. Capital commitments

There were no capital commitments at 31 March 2017 or at 31 March 2016.

16. Contingent liabilities

There were no contingent liabilities at 31 March 2017 or at 31 March 2016.

17. Related party transactions

The company reports the following transactions with related parties:

Transactions with key management personnel

The key management personnel are the directors of the company. Directors of the company and their immediate relatives control 22.12% (2016: 22.72%) of the voting shares of the company.

The following directors received dividends and property income distributions during the year in respect of their shareholdings:

	2017	2016
	£	£
D C Farley (and immediate family members)	81,936	105,532
T H Berglund (and immediate family members)	111,701	112,427
A J Sperrin (and immediate family members)	39,131	51,708

NOTES TO THE COMPANY FINANCIAL STATEMENTS (CONTINUED)

18. Related party transactions (continued)

At 31 March 2017, the following amounts were owed to the directors or their immediate relatives:

	2017	2015
	£	£
D C Farley (and immediate family members)	51,773	48,282
T H Berglund (and immediate family members)	101,103	72,554
A J Sperrin (and immediate family members)	-	10,002

Transactions with subsidiary undertakings

The company is a parent undertaking and has therefore taken advantage of the provisions of Section 33.1A of FRS 102 not to disclose transactions with wholly owned subsidiary undertakings.

Other related party transactions

A J Sperrin and T H Berglund jointly control Willmotts Corporation Limited. The transactions between the company and Willmotts Corporation Limited or its subsidiaries, all of which were undertaken on an arm's-length basis, were as follows.

	2017	2016
	£	£
Property and other management fees charged to the company	183,009	211,602
Property income distribution or dividend paid by the company	82,173	67,503
Amount owed by the company at the year end	-	22,126

D C Farley and family control Pointexport Limited. The transactions with this company were as follows:

	2017	2016
	£	£
Dividends paid by the company	12,626	11,861

The amounts owed to or by the company are unsecured, interest free and have no fixed repayment date or repayment schedule.

19. Events after the financial period

There have been no significant events between the year end and the date of approval of these company financial statements which would require a change to, or disclosure in, the company financial statements.