

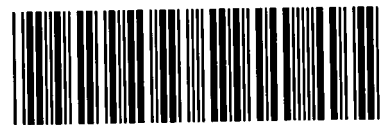
REGISTERED NUMBER: 06223892 (England and Wales)

ACE LIBERTY & STONE PLC

**DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 APRIL 2019

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ACE LIBERTY & STONE PLC

ANNUAL REPORT 2019

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Company Information, Directors and Advisors

Directors: Dr Tony Ghorayeb - Non Executive Chairman
Ismail Ghandour MBA - Chief Executive
Mark Thomas MRICS, IRRV - Commercial Director
Ivan Minter FCA - Finance Director
Keith Pankhurst – Senior Independent Director
Kayssar Ghorayeb - Non Executive Director
Hikmat El-Roustom - Non Executive Director

Company Secretary: International Registrars Limited

Registered Number: 06223892 (England and Wales)

Registered Office: Finsgate
5-7 Cranwood Street
London
EC1V 9EE

Bankers: Lloyds Bank Plc
10 Gresham Street
London
EC2V 7AE

Coutts & Co
440 Strand
London
WC2R 0QS

Auditors: Jeffreys Henry LLP
Finsgate
5-7 Cranwood Street
London
EC1V 9EE

Registrars: Share Registrars Limited
The Courtyard
17 West Street
Farnham
Surrey
GU9 7DR

Solicitors: Bracher Rawlins LLP
77 Kingsway
London
WC2B 6SR

Spector Constant & Williams
10 - 12 Ely Place
Holborn
London
EC1N 6RY

Brokers SP Angel
35 Maddox Street
London
W15 2PP

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Chairman's Statement

It is my great pleasure once again to recommend an Annual Report which shows remarkable progress.

During the year under review, the Company purchased properties in Oldham, Wigan, Leicester, Chesterfield, Northampton, Bolton, Middlesbrough and Warrington for a total of £32,952,499. This has had the effect of lifting the total passing rent of the portfolio to £6,477,438. Photographs of these recently acquired properties are shown on the inside front and back cover of this Report. During the year, the Doncaster car park was sold, as were most of the remaining residential properties in our Barnsley and Stoke on Trent portfolios. The sale of Bridge House, Dudley was agreed with deferred completion. Since the year end, we have completed the sale of the residential properties in Barnsley and arranged the sale of Hillcrest House, Leeds. The proceeds of these sales will be used for further purchases.

I again refer you to the KPIs published on pages 6 and 7 of this Report. This is information the management continually produces to monitor and to run the business. We believe it is beneficial for shareholders and potential investors to be able to share it. The chart on page 6 shows that, in the last five years, the portfolio has grown from some £24million to £88million with the income proportionately increasing from £2.2million to £6.5million. It is the graph showing this income performance which forms the basis of the Report's front cover design.

We also take pride in the quality of the Ace Liberty & Stone portfolio. For the past three years, the Weighted Average Unexpired Lease to Break measurement (WAULB) has been consistently close to nine years. Elsewhere in the Report, we disclose that 59 per cent of the Group income is from National and Local Government tenants. These statistics show our stability outperforms that of many in our industry and confirms the very secure base from which Ace approaches the future.

We also show the underlying strength of the portfolio in terms of cash- and profit- earning with the management reports which show the growth of gross contribution from the portfolio over the past five years from £724,243 to £3,547,530. Over the same period, recurring overheads have grown only from £365,439 to £872,735, demonstrating sound corporate management on behalf of our shareholders.

I commented last year on the effect of IFRS on our published reports. In our view, the KPIs published will give a more focused report on the essence of the business.

The Company continues to benefit from sound banking relationships. In addition to the valued facility from Lloyds Bank Plc, we have added a new facility from Coutts & Co which reached approximately £20million at the year end. This support enables us to engage with potential vendors with confidence.

Shareholders, too, have been supportive. The holders of almost £1.2million of the 5% CLN have converted into Ordinary Shares and over £800,000 have exercised their warrants, contributing new equity capital to the enterprise. In addition, we have successfully arranged the issue of a £3.2million loan, also to shareholders, accompanied by warrants exercisable at 95p. The holder of the £10million CLN has agreed to renew this instrument.

Finally, I am delighted to report the continued increase in the Company's dividend payments. The payment in respect of the year ended 2019 was 2.5p per share, double that of the previous year, and it was paid in three instalments instead of annually, resulting in earlier receipt by shareholders.

Dr Tony Ghorayeb

Chairman

Date: 25 September 2019

ACE LIBERTY & STONE PLC

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Corporate Governance Statement

The Board has put in place a framework for corporate governance which it believes is appropriate to the Company. The Company's ordinary shares are quoted on the NEX Growth Market and, as such, Ace Liberty & Stone plc is not required to comply with all aspects of the UK Corporate Governance Code. However, the Board is committed to maintaining the highest standards appropriate to a Company of this size and nature.

The Board

The Board comprises the Non-Executive Chairman, the Chief Executive, the Senior Independent Director, two non-executive and two executive directors. The directors' biographical details are shown on the Company's website. One third of the directors are subject to re-election by rotation at the Annual General Meeting each year. All newly appointed directors stand for election at the Annual General Meeting following their appointment.

The Board meets at least four times each year. The Board's responsibilities include approving the Company's strategy and annual budget, authorising major investments, acquisitions and capital expenditure, and monitoring the performance of the business.

The non-executive directors are all considered to be independent and have a voting majority on the Board and each committee.

Board Committees

Each committee has defined terms of reference and meets at least twice each year.

Nominations

The Nominations Committee comprises Keith Pankhurst (chairman), Kayssar Ghorayeb and Ismail Ghandour. The committee is responsible for identifying and proposing prospective candidates for directors for consideration and appointment by the Board as a whole.

Audit

The Audit Committee comprises Kayssar Ghorayeb (chairman), Keith Pankhurst and Ivan Minter. The Chief Executive and external auditor attend its meetings by invitation. The Committee reviews the audit appointment periodically, discusses the audit plan with the auditor and recommends approval of the financial statements to the Board. The committee meets with the auditor twice-yearly. Internal controls are the direct responsibility of the directors.

Remuneration

The Remuneration Committee comprises Dr Tony Ghorayeb (chairman), Kayssar Ghorayeb, and Hikmat El-Rousstom. It determines on behalf of the Board the remuneration package of the executive directors. The Remuneration Committee is also responsible for approving the bonus targets and payments for the Company's executive directors. In coming to these decisions the Remuneration Committee considers the overall performance of the Company and of the individual directors. Share options, which are approved at the Company's AGM, have historically been granted to compensate for the low level of salaries.

Attendance at meetings

The following is the record of directors' attendance at Full and Committee Meetings of the Board:

	Attended		Entitled to attend	
	Full Board	Board Committees	Full Board	Board Committees
Dr Tony Ghorayeb	9	2	10	2
Ismail Ghandour	10	2	10	2
Mark Thomas	10	-	10	-
Kayssar Ghorayeb	9	6	10	6
Ivan Minter	10	2	10	2
Keith Pankhurst	9	4	10	4
Hikmat El-Rousstom	10	2	10	2

Shareholders

At the date of this report, the following shareholders held more than 3% of the company's issued share capital:

	Shares of 25p	%
Dr Abdel-Karim El-Rousstom	7,876,896	18.32%
HSBC Global Custody Nominee (UK) Limited	5,950,145	14.00%
LiBank S.A.L.	3,867,541	9.10%
Dinama Holdings Limited	3,220,378	7.58%
Daniel Waylett	2,449,000	5.76%
Ismail Ghandour	2,359,000	5.55%
B Daneshmand	1,399,699	3.29%

The Company's website is <http://acelibertyandstone.com/>

ACE LIBERTY & STONE PLC

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Strategic Report

Principal activity

The principal activity of the Group continues to be that of property investment. The Board locates properties with good covenants which offer a high yield and the opportunity to add capital value to the initial investment. In addition to properties which have the opportunity of early development, the Group holds a proportion of its portfolio in properties with longer-term tenancies in order to achieve a balanced portfolio and to protect future cash flow.

The success of this strategy rests on the executive directors' ability to select suitable properties and manage the project plans for enhancement. The Chief Executive and the Commercial Director have a wide range of contacts and the experience to judge market trends. The result so far has been that each commercial property sold has realised a sizable profit.

Review of business

During the year, and since the year end, the Group completed the sale of its remaining residential property portfolio and used the proceeds to purchase higher-yielding commercial properties. Eight commercial properties were acquired during the year, taking the portfolio to a value in the accounts of £88million. The Group has now established a balanced portfolio with a good level of income. At the year end, three properties and the remainder of one residential portfolio were classified as held for sale in the balance sheet.

The properties purchased during the year were financed by the facility with Coutts & Co.

An overall review of business is given in the Chairman's Statement on page 3.

The Board monitors key financial performance indicators. The indicators are appropriate to the circumstances of the business. For the year ended 30 April 2019 they are summarised on the following pages headed Key Performance Indicators.

Principal risks and uncertainties

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

The directors consider that the principal risk for the Group is in respect of the valuation of the Group's investment properties. The properties are subject to fluctuating market conditions, affected by consumer confidence, the performance of the UK economy, and the liquidity in the market as well as fluctuating interest rates. These risks will also affect the Group's ability to acquire properties in the future. The directors mitigate these risks by investing only in properties with good covenants and good prospects of alternative use at the end of the current lease.

The Group is exposed to interest rate risk. The Company has benefitted from the current, exceptionally low, interest rates, but does not expect this to continue. The directors mitigate this risk by hedging at least 75% of the group-wide facility for protection against future interest rate rises. Future returns on acquisitions are evaluated projecting higher than current rates.

There is a risk that the Group will be unable to finance future acquisitions and thus inhibit growth. This is mitigated by establishing facilities with preferred lenders which are familiar with and supportive of the Group's strategy and achievements. All borrowing is undertaken at cautious assessments of, for example, loan-to-value and interest cover. Covenants have been comfortably met to date and this prudent policy will continue.

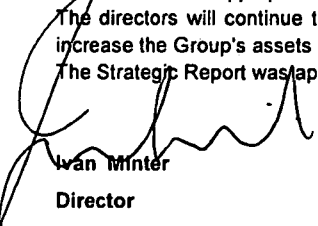
The Group plans to continue to expand the portfolio and to continue to develop its existing holdings. However, the future stability of the Group is not dependent on growth and it can continue profitably at its present size.

Future developments

The Company's management constantly monitors opportunities to sell properties where this offers a profit to the Group and is in line with strategic objectives. Some properties fall within the IFRS definition of Assets held for Sale and are designated accordingly in the balance sheet. Regardless of category, sale opportunities are assessed on merit; a number of transactions are currently being considered and will be announced at the appropriate time.

The directors will continue the same investment policies which have been successful since its listing with the intention of continuing to increase the Group's assets in the future.

The Strategic Report was approved by the Board on 25 September 2019 and signed on its behalf by:



Ivan Minter

Director

ACE LIBERTY & STONE PLC

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Key Performance Indicators

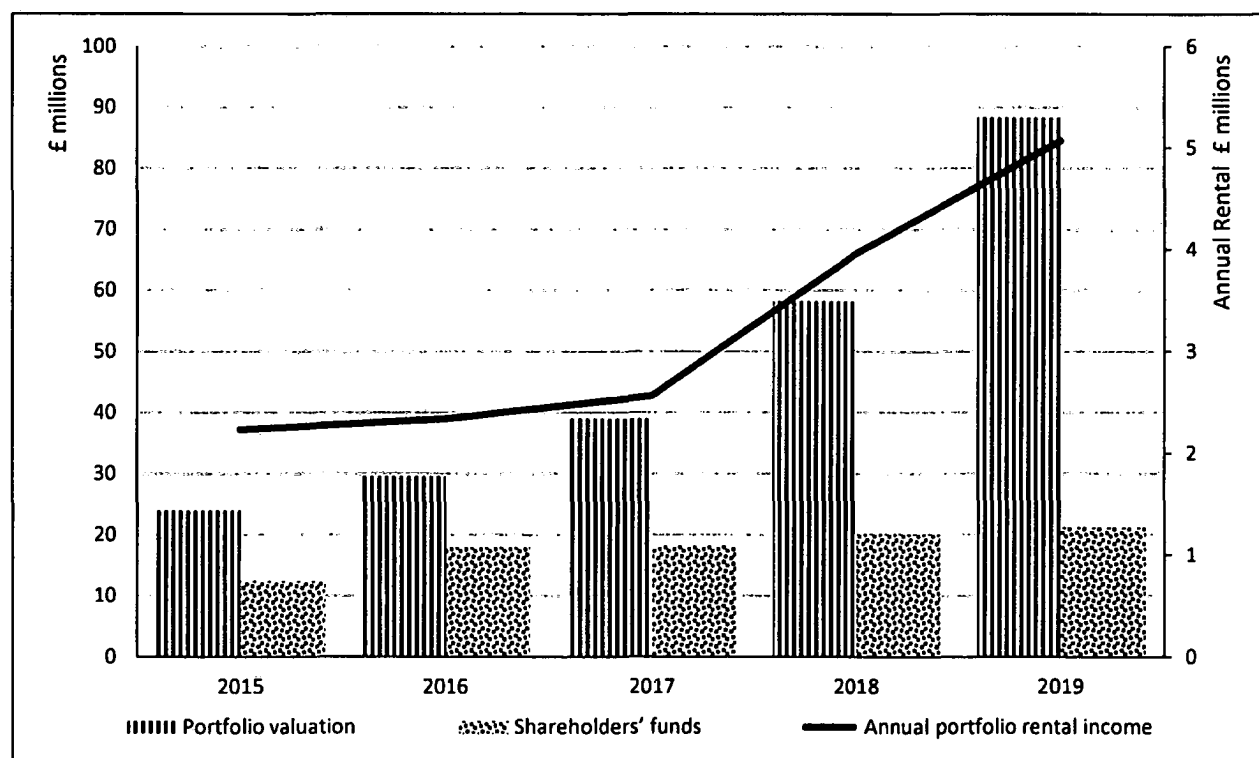
The board monitors the following data which it considers appropriate to share with shareholders to generate a better understanding of the business.

	2015	2016	At 30 April 2017	2018	2019
	£	£	£	£	£
Property portfolio	23,964,428	29,488,428	38,979,308	58,221,866	88,323,017
Shareholders' funds	12,410,366	17,946,575	18,132,735	19,439,335	21,170,030
Rental income for year	1,201,185	2,037,308	2,632,219	3,515,088	5,072,435
Profit after tax	759,022	259,993	962,676	361,295	814,562
Portfolio total passing rent	2,231,000	2,336,800	2,563,565	3,960,279	6,477,438
	%	%	%	%	%
Loan to value	44.20	35.90	50.61	49.21	52.02
	years	years	years	years	years
Weighted average unexpired lease to break (WAULB)	6.15	6.71	9.50	9.60	8.72

The values shown for Property portfolio n, Shareholders' funds, Rental income for year and Profit after tax are taken from the audited accounts. Interim values are calculated on a consistent basis.

Portfolio total passing rent is the annual rental income of the aggregate of the leases in force at the appropriate point in time. It differs from Rental income for year in that the latter is the recorded income for a specific period and is a lower value because, for example, some properties are only owned for a part of the period.

Weighted unexpired average lease to break is a good indicator of the resilience of the portfolio. The Group has highly creditworthy tenants (see note 4) who are extremely unlikely to default on their lease obligations. The high WAULB value indicates the portfolio could easily withstand a short period of non-occupation at the end of a lease in the unlikely event that eventuality should occur while a sale is being arranged.



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Key Performance Indicators (continued)

The Board monitors the financial performance of the Group in the following format and this is also reproduced for the benefit of shareholders.

	Year ended 30 April				
	2015	2016	2017	2018	2019
	£	£	£	£	£
Rental income	1,201,185	2,037,308	2,632,219	3,515,088	5,072,435
Interest on secured property loans	(264,972)	(322,542)	(523,240)	(829,351)	(1,445,218)
Property management	(211,970)	(235,338)	(204,125)	(140,065)	(39,687)
Gross contribution	724,243	1,479,428	1,904,854	2,545,672	3,587,530
Recurring overheads	(365,439)	(719,998)	(1,018,745)	(782,411)	(872,735)
Net interest	31,010	(183,635)	(46,911)	(708,751)	(1,046,926)
Profit for period	389,814	575,795	839,198	1,054,510	1,667,869
Non recurring income and overheads,	665,764	36,538	283,119	(840,369)	(908,906)
Profit before tax	1,055,578	612,333	1,122,317	214,141	758,963

This table is a re-analysis of the statutory Income and Expenditure Account and contains the same information – as can be seen from the identical values for Rental income and Profit before tax.

This layout embodies the information used by management to monitor the portfolio's performance and evaluate new acquisitions. Key decisions revolve around the contribution of a property after paying interest on the secured loan required to finance its purchase.

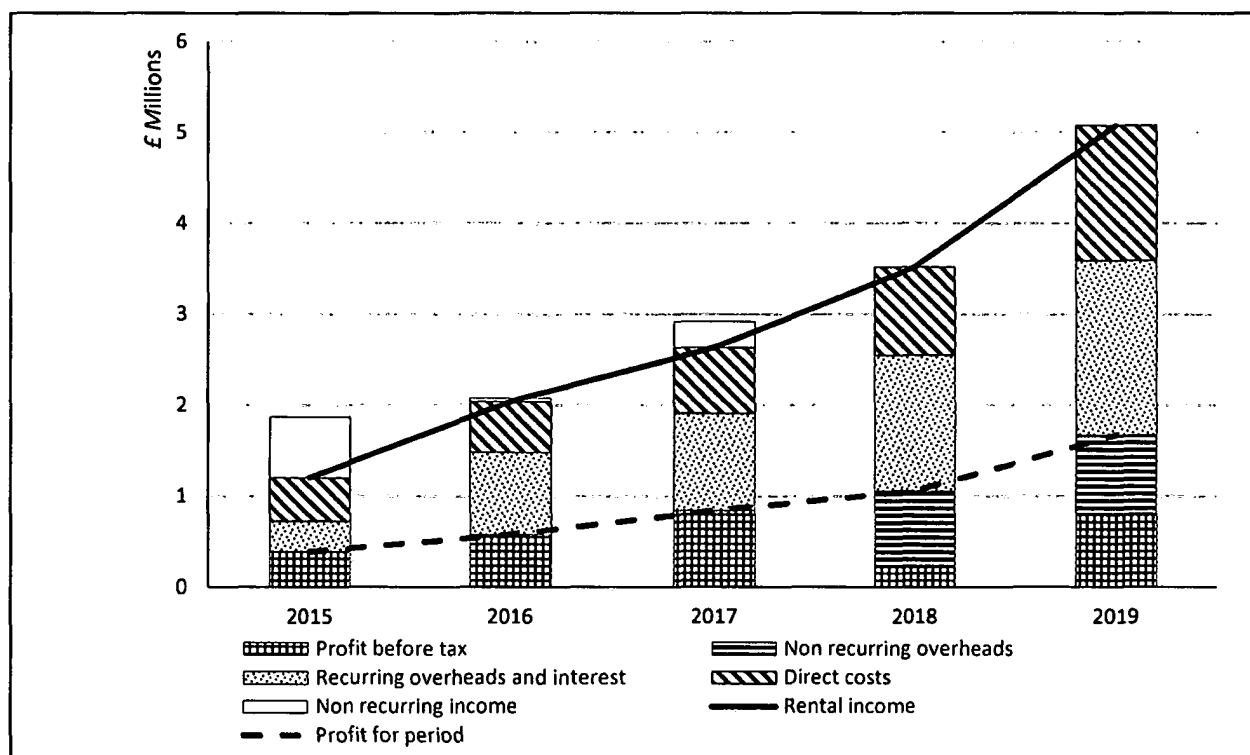
Property management costs largely relate to the residential properties which have largely been disposed of. Hence the declining trend.

The split of overheads is self-explanatory. Recurring overheads relate mainly to directors salaries and fees, legal and professional fees, and costs of compliance and regulation. Non-recurring overheads relate to costs of arranging finance, professional fees for property development and the costs of selling properties.

Net interest is the cost of arranging general finance facilities (not specifically secured on properties) for the company.

The profits from property sales are included with the non-recurring costs.

This format enables the ongoing performance of the portfolio to be separated from non-recurring events and provides a reliable guide to future performance.



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Directors' Report

The directors present their report with the audited consolidated financial statements for the year ended 30 April 2019.

Dividends

The directors declared interim dividends for the year ended 30 April 2019 as follows:

On 22 October 2018, an interim dividend of 0.83p per ordinary share of 25p. This was paid on 9 November 2018.

On 15 April 2019, an interim dividend of 0.83p per ordinary share of 25p. This was paid on 2 May 2019.

On 4 July 2019, an interim dividend of 0.84p per ordinary share of 25p. This was paid on 26 July 2019.

(2018: an interim dividend of 1.25p per ordinary share of 25p was paid on 26 July 2018.)

Directors

The following directors have held office since 1 May 2018:

Keith Pankhurst

Mark Thomas

Dr Tony Ghorayeb

Hikmat El-Rousslom

Ismail Ghandour

Ivan Minter

Kayssar Ghorayeb

Going concern

The directors can report that, based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The board has a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

Auditors

Jeffreys Henry LLP has expressed its willingness to continue in office and a resolution to re-appoint it will be proposed at the forthcoming Annual General Meeting.

Post balance sheet events

The Company has paid dividends on 2 May and 26 July as shown above.

On 24 May 2019 the Company's subsidiary, Ace (Barnsley) Limited sold the remaining four properties in its portfolio for £205,000.

On 12 July 2019 the company's subsidiary, Ace (Leeds) Limited granted an option for an indefinite period for a fee of £50,000 to a prospective purchaser to acquire its property, Hillcrest House, for £2,350,000.

Future developments

This information has not been included in the Directors' Report because it is shown in the Strategic Report as permitted by section 414C (11) of the Companies Act.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and Company financial statements for each financial year. The directors have elected under company law and the rules of NEX to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS101 'Reduced Disclosure Framework'.

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the group and company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs adopted by the EU and for the Company financial statements state whether applicable UK accounting standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business

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

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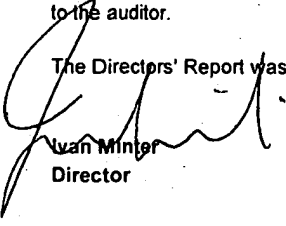
Directors' Report (continued)

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Ace Liberty & Stone plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditor

The directors who were in office at the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Directors' Report was approved by the Board on 25 September 2019 and signed on its behalf by:



Ivan Minter
Director

ACE LIBERTY & STONE PLC

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Independent Auditors' Report to the Members of Ace Liberty & Stone Plc

Opinion

We have audited the financial statements of Ace Liberty & Stone Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2019 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated statement of cash flows, the consolidated and company statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 April 2019 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment property The value of investment properties is key to the Group as they impact upon the Group's compliance with loan covenants. Investment properties are held at fair value which represents a significant area of management judgement.	We reviewed the recognition, capitalisation and fair valuation of investment properties in conjunction with IAS 40 Investment Property and IFRS 13 Fair Value Measurement. We assessed the competence, capabilities, qualifications and objectivity of the external independent valuers employed by the Group. We have critically evaluated managements methodologies in reviewing valuations and adjusting the fair values of investment properties.
Convertible loan notes During the period the Company issued convertible loan notes. We have identified the valuation and accounting treatment of convertible loans as a key audit matter because both are complex areas and require the use of estimates. The separation of the debt element from the equity element of a convertible loan involves a significant degree of judgement and is therefore subject to an inherent risk of error.	We inspected board minutes and other appropriate documentation to confirm that the transactions were appropriately authorised. We verified amounts, interest rates and maturities to the supporting documentation and examined the terms and conditions of the loan notes. We reviewed the reasonableness of the market rate of interest used in calculating the effective interest charge. We tested and reperformed the calculations carried out to split the convertible loans into equity and debt elements.

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Independent Auditors' Report to the Members of Ace Liberty & Stone Plc (continued)

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£215,000 (2018: £90,000).	£175,000 (2018: £80,000).
How we determined it	1% of net assets	1% of net assets limited by Group materiality
Rationale for benchmark applied	We believe that net assets are the primary measures used by shareholders in assessing the Group's performance. It is considered a standard industry benchmark.	We believe that net assets are the primary measures used by shareholders in assessing the Company's performance. It is considered a standard industry benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £6,000 and £175,000.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £10,750 for the Group (2018: £4,500) and £8,750 (2018: £4,000) for the Company, as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group financial statements are a consolidation of twenty reporting units, comprising the Group's operating businesses and holding companies.

We performed audits of the complete financial information of Ace Liberty & Stone Plc, Ace (Manchester) Limited, Ace (Leeds) Limited, Ace (Hulme) Limited, Hilcott (Overseas) Limited, Ace (Sunderland) Limited, Ace (Dudley) Limited, Ace (Barnsley) Limited, Ace (Gateshead) Limited, Ace (Chelsea) Limited, Ace (Plymouth) Limited, Ace (Hanley) Limited, Ace (Management) Limited, Ace (Luton) Limited, Ace (Keighley) Limited, Ace (North) Limited and Ace (EBT) Limited reporting units, which were individually financially significant and accounted for 99% of the Group's revenue and 84% of the Group's absolute profit before tax (i.e. the sum of the numerical values without regard to whether they were profits or losses for the relevant reporting units). We also performed specified audit procedures over certain account balances and transaction classes that we regarded to be material to the Group at three further reporting units, two based in The British Virgin Islands and another in British Anguilla.

The Group engagement team performed all audit procedures.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements

ACE LIBERTY & STONE PLC

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Independent Auditors' Report to the Members of Ace Liberty & Stone Plc (continued)

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

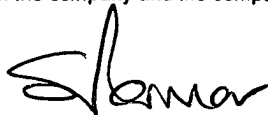
Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of this report

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



Sanjay Parmar
Senior Statutory Auditor

For and on behalf of
Jeffreys Henry LLP (Statutory Auditors)
Finsgate 5-7 Cranwood Street
London EC1V 9EE
25 September 2019

ACE LIBERTY & STONE PLC

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Consolidated Statement of Comprehensive Income for the year ended 30 April 2019

	Notes	2019 £	2018 £
Revenue	4	5,072,435	3,515,088
Gain / (loss) on disposal of investment property		284,138	(40,758)
Administrative expenses	5	(1,827,857)	(1,042,612)
Fair value gain on investment property		1,247,371	250,000
Fair value losses on assets held for sale		(320,079)	(250,000)
Finance cost	6	(3,354,830)	(2,219,199)
Finance income	7	5,511	1,622
Share based payment charge		(347,726)	-
Profit before taxation	8	758,963	214,141
Taxation	11	6,754	147,154
Profit after taxation		765,717	361,295
Other comprehensive income		48,845	-
Total comprehensive income for the period		814,562	361,295
Attributable to:			
Owners of the parent		814,562	361,295
Earnings per share on continuing activities		Pence	Pence
<i>Basic earnings per share attributable to equity owners of the parent</i>	12	1.97	0.91
<i>Diluted earnings per share attributable to equity owners of the parent</i>	12	1.15	0.61

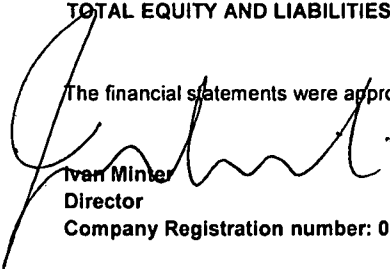
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Consolidated and Company Statement of Financial Position at 30 April 2019

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
ASSETS					
Non-current assets					
Investment property	13	79,538,096	50,487,866	-	50,000
Investments	14	-	-	1,793,965	1,863,965
Other receivables	16	-	-	52,100,000	44,150,000
Deferred tax	11	-	-	-	133,488
		<u>79,538,096</u>	<u>50,487,866</u>	<u>53,893,965</u>	<u>46,197,453</u>
Current assets					
Assets held for sale	15	8,784,921	7,734,000	-	-
Trade and other receivables	16	510,490	934,479	12,190,957	10,528,197
Cash and cash equivalents		1,956,742	5,180,225	1,336,406	4,966,719
		<u>11,252,153</u>	<u>13,848,704</u>	<u>13,527,363</u>	<u>15,494,916</u>
TOTAL ASSETS		<u>90,790,249</u>	<u>64,336,570</u>	<u>67,421,328</u>	<u>61,692,369</u>
EQUITY AND LIABILITIES					
Current liabilities					
Liabilities relating to assets held for sale	17	1,440,125	2,587,141	-	-
Trade and other payables	18	4,833,381	1,239,869	3,029,945	1,345,793
Taxation		96,681	162,098	5,212	162,189
Borrowings	19	15,921,701	690,000	15,221,201	690,000
		<u>22,291,888</u>	<u>4,679,108</u>	<u>18,256,358</u>	<u>2,197,982</u>
Non-current liabilities					
Borrowings	19	47,212,143	40,003,625	28,098,490	40,003,625
Deferred tax	11	116,188	214,502	-	-
		<u>47,328,331</u>	<u>40,218,127</u>	<u>28,098,490</u>	<u>40,003,625</u>
Share capital	21	10,608,342	10,065,887	10,608,342	10,065,887
Share premium		9,099,025	7,643,310	9,099,025	7,643,310
Share option reserve		826,906	479,180	826,906	479,180
Other reserve		341,603	579,548	341,603	579,548
Treasury shares		(480,620)	(480,620)	-	-
Retained earnings		774,774	1,152,030	190,604	722,837
Total equity		<u>21,170,030</u>	<u>19,439,335</u>	<u>21,066,480</u>	<u>19,490,762</u>
TOTAL EQUITY AND LIABILITIES		<u>90,790,249</u>	<u>64,336,570</u>	<u>67,421,328</u>	<u>61,692,369</u>

The financial statements were approved and authorised for issue by the Board on 25 September 2019 and signed on its behalf by:


Ivan Minter
Director

Company Registration number: 06223892

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Consolidated Statement of Changes in Equity

	Share capital £	Share premium £	Share option reserve £	Other reserve £	Treasury shares £	Retained earnings £	Total equity £
Balance at 30 April 2017	9,821,517	7,132,802	479,180	-	(480,620)	1,179,856	18,132,735
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	361,295	361,295
	-	-	-	-	-	361,295	361,295
Transactions with owners							
Shares issued during the year	244,370	510,508	-	-	-	-	754,878
Value of conversion rights on convertible notes	-	-	-	579,548	-	-	579,548
Dividend on ordinary shares	-	-	-	-	-	(389,121)	(389,121)
	244,370	510,508	-	579,548	-	(389,121)	945,305
Balance at 30 April 2018	10,065,887	7,643,310	479,180	579,548	(480,620)	1,152,030	19,439,335
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	765,717	765,717
Other comprehensive income	-	-	-	-	-	48,845	48,845
	-	-	-	-	-	814,562	814,562
Transactions with owners							
Shares issued during the year	542,455	1,455,715	-	-	-	-	1,998,170
Value of conversion rights on convertible notes	-	-	-	(237,945)	-	-	(237,945)
Share based payment costs	-	-	347,726	-	-	-	347,726
Dividend on ordinary shares	-	-	-	-	-	(1,191,818)	(1,191,818)
	542,455	1,455,715	347,726	(237,945)	-	(1,191,818)	916,133
Balance at 30 April 2019	10,608,342	9,099,025	826,906	341,603	(480,620)	774,774	21,170,030

Company Statement of Changes in Equity

	Share capital £	Share premium £	Share option reserve £	Other reserve -£	Retained earnings £	Total equity £
Balance at 30 April 2017	9,821,517	7,132,802	479,180	-	447,495	17,880,994
Total comprehensive income for the year						
Profit for the year	-	-	-	-	604,463	604,463
Dividends from subsidiaries	-	-	-	-	60,000	60,000
	-	-	-	-	664,463	664,463
Transactions with owners						
Shares issued during the year	244,370	510,508	-	-	-	754,878
Value of conversion rights on convertible notes	-	-	-	579,548	-	579,548
Dividend on ordinary shares	-	-	-	-	(389,121)	(389,121)
	244,370	510,508	-	579,548	(389,121)	945,305
Balance at 30 April 2018	10,065,887	7,643,310	479,180	579,548	722,837	19,490,762
Total comprehensive income for the year						
Loss for the year	-	-	-	-	(525,847)	(525,847)
Dividends from subsidiaries	-	-	-	-	1,195,000	1,195,000
	-	-	-	-	669,153	669,153
Transactions with owners						
Shares issued during the year	542,455	1,455,715	-	-	-	1,998,170
Value of conversion rights on convertible notes	-	-	-	(237,945)	-	(237,945)
Share based payment costs	-	-	347,726	-	-	347,726
Dividend on ordinary shares	-	-	-	-	(1,201,386)	(1,201,386)
	542,455	1,455,715	347,726	(237,945)	(1,201,386)	906,565
Balance at 30 April 2019	10,608,342	9,099,025	826,906	341,603	190,604	21,066,480

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Consolidated Statement of Cash Flows

	2019	2018
	£	£
Profit before tax	758,963	214,141
Cash flow from operating activities		
<i>Adjustments for:</i>		
Finance income	(5,511)	(1,622)
Finance costs	3,354,830	2,219,199
Gain on disposal of investment property	(284,138)	40,758
Fair value adjustment	(927,292)	-
Decrease / (Increase) in receivables	423,989	(756,313)
Increase in payables	1,558,525	476,019
Tax paid	(156,977)	(337,186)
Interest paid	(1,448,846)	(1,520,350)
Other finance costs paid	(356,562)	-
Share based payment charge	347,726	-
Net cash generated by operating activities	3,264,707	334,646
Cash flows from investing activities		
Interest received	(5,511)	1,622
Purchase of investment properties	(32,952,499)	(20,784,558)
Sale of investment properties	4,063,138	1,501,242
Net cash used by investing activities	(28,894,872)	(19,281,694)
Cash flows from financing activities		
Share issue, net of issue costs	-	85,300
Long term loans advanced	23,415,375	26,673,688
Long term loans repaid	(690,000)	(3,593,404)
Short term loans advanced	1,440,125	1,000,000
Short term loans repaid	(665,705)	-
Equity dividend paid	(1,093,113)	(389,121)
Net cash generated by financing activities	22,406,682	23,776,463
Net (decrease) / increase in cash and cash equivalents	(3,223,483)	4,829,415
Cash and cash equivalents at the beginning of the period	5,180,225	350,810
Cash and cash equivalents at the end of the period	1,956,742	5,180,225

ACE LIBERTY & STONE PLC

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Notes to the Consolidated Financial Statements

1 General information

Ace Liberty & Stone Plc (the "Company") is a company that is incorporated in England and Wales whose shares are listed on the NEX Stock Exchange. The Group's principal activity is that of property investment.

The Directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not produced the Company's individual profit and loss account. Company profit after taxation is £669,153 (2018: £664,463).

2 Basis of presentation and significant accounting policies

The principal accounting policies applied in the preparation of the Group and parent Company's financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of presentation

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted for use in the European Union (EU) and issued by the International Accounting Standards Board (IASB). The consolidated financial statements are presented in Sterling, the Group and parent Company's functional currency. The financial statements have been prepared on a going concern basis under the historical cost convention, except as otherwise described in the accounting policies.

IFRS requires management to make certain critical accounting estimates and to exercise judgement in the process of applying the group's accounting policies. These estimates are based on the directors' extensive knowledge and past experience derived from their professional property activities and supported by independent professional advice.

The financial statements for the Company have been prepared in accordance with Financial Reporting Standard 101 by applying the recognition and measurement requirements of International Financial Reporting Standards as adopted by the EU ("IFRS"), amended where necessary in order to comply with Companies Act 2006. The Company has notified shareholders of this disclosure.

Transition to FRS 101

In transition to FRS 101, the Company has applied International Financial Reporting Standard 1 'First Time Adoption of International Financial Reporting Standards' (IFRS 1) subject to the exemptions available under FRS 101 and listed below.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel

As the consolidated financial statements include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of Group settled share based payments;
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

There were no changes required to accounting policies and no effect on the comparative period following the transition to FRS101.

2.2 Standards, amendments and interpretations to published standards

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning that would be expected to have a material impact on the Group. The new IFRSs adopted during the year are as follows:

- IFRS 9 – Financial Instruments
- IFRS 15 - Revenue from Contracts with Customers including amendments and clarifications

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 April 2018 and have not been early adopted. The Directors anticipate that the adoption of these standard and the interpretations in future periods will have no material impact on the financial statements of the Group.

The new standards include:

IFRS 3	Business Combinations ²
IFRS 16	Leases ¹
IFRS 17	Insurance Contracts ³
IAS 1	Presentation of Financial Statements ²
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors ²
IAS 19	Employee Benefits (amendment) ¹
IAS 28	Investment in associates and joint ventures (amendment) ¹
IFRIC 23	Uncertainty over Income Tax Treatments ¹

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Notes to the Consolidated Financial Statements (continued)

2.2 Standards, amendments and interpretations to published standards (continued)

Improvements to IFRSs Annual Improvements 2015-2017 Cycle1: Amendments to 2 IFRSs and 2 IASs

- 1 Effective for annual periods beginning on or after 1 January 2019
- 2 Effective for annual periods beginning on or after 1 January 2020
- 3 Effective for annual periods beginning on or after 1 January 2021

2.3 Basis of consolidation

Subsidiaries

The financial statements incorporate the financial statements of the Company and entities controlled by the Company made up to the year ended 30 April 2019. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit or loss in the period of acquisition. The interest of non-controlling shareholders is stated at the non-controlling interest's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interest in excess of the non-controlling interest's share of the net assets of the relevant subsidiary are allocated against the interests of the parent in the net assets of the relevant subsidiary.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-Group transactions, balances, income, expenses and unrealised gains are eliminated when preparing the financial information. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.4 Foreign currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in pounds sterling which is the presentation currency for the consolidated and company financial statements. The functional currency of the Company is pounds sterling.

2.5 Cash and Cash Equivalents

These include cash in hand and deposits held at call with banks.

2.6 Key accounting estimates and judgements

The preparation of consolidated financial statements under IFRS requires management to make estimates and assumptions that may affect the application of accounting policies and the reported assets and liabilities, income and expenses. Although management believes that the assumptions and estimates are reasonable, the actual results may differ from the estimates.

The most significant estimates made in preparing these accounts relate to the valuation of the Group's investment properties. The fair value of the investment property is determined by independent property valuation experts to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction. Properties have been valued on an individual basis. The valuation experts use recognised valuation techniques and the valuations have been prepared in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards January 2014 ("the Red Book"). Factors reflected include current market conditions, annual rentals, lease length and location.

2.7 Taxation

The tax expense represents the sum of the tax currently payable. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the consolidated statement of financial position date.

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Notes to the Consolidated Financial Statements (continued)

2.8 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on difference tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.9 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable in relation to the proceeds of property rental. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group. Revenue is recognised straight line over the term of the lease contract on an accruals basis. Lease incentives granted are recognised as an integral part of rental income. The directors consider this in line with when the Company's performance obligation is satisfied. Standard payment terms are that invoices are paid within 1 month of issue.

The Group's properties are all let on Full Repairing and Insuring terms, making the tenant liable for all repairs and servicing. Where a property has multiple tenants, the appropriate subsidiary company acts as agent for the tenants in settlement of such costs. The Group bears the costs of vacant premises when this arises.

The directors consider that revenue generation is relates exclusively to rental income in the UK and so no further segmentation is required.

2.10 Finance income and cost

Finance income

Finance income includes interest income from bank deposits and, in respect of the Company only, interest charged on amounts due from subsidiaries.

Finance cost

Finance cost is recognised as interest accrued, using the effective interest method, on the net carrying amount of the financial liability and the appropriate amount of borrowing arrangement costs written off over the period of the loan applicable to the period.

2.11 Investment property

Investment properties are properties held for long-term rental yields. Investment properties are carried in the balance sheet at fair value, representing open market value determined annually by directors or independent valuation, completed by a recognised firm of Chartered Surveyors. Gains or losses arising from changes in fair value of investment property are included in the income statement for the period in which they arise.

Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs of sale.

2.12 Borrowings

Borrowings other than bank overdrafts are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the consolidated statement of comprehensive income over the period of the borrowings, using the effective interest method. The costs of arranging each loan is written off over the period of the loan up to a maximum period of five years. The unamortised balance is shown against the relevant borrowing at the balance sheet date.

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Notes to the Consolidated Financial Statements (continued)

2.13 Convertible Loans

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.14 Share based payments

The Company has applied the requirements of IFRS 2 Share Based Payment. For all grants of share options, the fair value as at the date of grant is calculated using an option pricing model and the corresponding expense is recognised over the vesting period. The share based payments expense is recognised as a staff cost shown separately in the income statement and the associated credit entry is made directly to reserves.

Shares issued in payment for services where the cost of service can be reliably measured (i.e. for the settlement of third party invoices) are issued at the fair value of the service received. Where shares have been issued to acquire assets, the shares are valued with reference to the fair value of the assets acquired.

2.15 Financial instruments

Financial assets and financial liabilities are initially classified as measured at amortised cost, fair value through other comprehensive income, or fair value through profit and loss when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows expire, or the Company no longer retains the significant risks or rewards of ownership of the financial asset. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

Financial assets are classified dependent on the Company's business model for managing the financial and the cash flow characteristics of the asset. Financial liabilities are classified and measured at amortised cost except for trading liabilities, or where designated at original recognition to achieve more relevant presentation. The Company classifies its financial assets and liabilities into the following categories:

Financial assets at amortised cost

The Company's financial assets at amortised cost comprise trade and other receivables. These represent debt instruments with fixed or determinable payments that represent principal or interest and where the intention is to hold to collect these contractual cash flows. They are initially recognised at fair value, included in current and non-current assets, depending on the nature of the transaction, and are subsequently measured at amortised cost using the effective interest method less any provision for impairment.

Impairment of trade and other receivables

In accordance with IFRS 9 an expected loss provisioning model is used to calculate an impairment provision. We have implemented the IFRS 9 simplified approach to measuring expected credit losses arising from trade and other receivables, being a lifetime expected credit loss. This is calculated based on an evaluation of our historic experience plus an adjustment based on our judgement of whether this historic experience is likely reflective of our view of the future at the balance sheet date. In the previous year the incurred loss model is used to calculate the impairment provision.

Financial liabilities at amortised cost

Financial liabilities at amortised cost comprise loan liabilities, including convertible loan note liability elements, and trade and other payables. They are classified as current and non-current liabilities depending on the nature of the transaction, are subsequently measured at amortised cost using the effective interest method. All convertible loan notes are held at amortised cost and no election has been made to hold them as fair value through profit and loss.

Financial assets at fair value through profit and loss

Financial assets at fair value are recognized and measured at fair value using the most recent available market price with gains and losses recognized immediately in the profit and loss.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy').

- Level 1 – Quoted prices in active markets
- Level 2 – Observable direct or indirect inputs other than Level 1 inputs
- Level 3 – Inputs that are not based on observable market data

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Notes to the Consolidated Financial Statements (continued)

3 Going concern

In the opinion of the directors, based on the Group's budgets and financial projections, they have satisfied themselves that the business is a going concern. The board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore the accounts are prepared on a going concern basis.

4 Revenue

	Group	
	2019	2018
	£	£
Revenue comprises the following		
Rental income	5,072,435	3,515,088
The Group's aggregate minimum future lease receipts at current annual rents are as follows:		
Up to one year	6,407,952	3,898,081
More than one year but less than five years	21,279,000	11,832,719
More than five years	24,868,988	19,175,333
	<u>52,555,940</u>	<u>34,906,133</u>

All revenue arises from the Group's UK operations, net of VAT.

The Company interprets IFRS8.34 to mean that revenue derived from separate UK Government Departments should be considered as deriving from one customer. This comprises 52% (2018: 42%) of the Group's income at the date of this report. City councils represent 7% (2018: 9%) and major industrial and commercial companies represent 38% (2018: 45%). The Group's income derives overwhelmingly from the ownership of commercial properties in the United Kingdom and the directors manage and report upon activity as one segment.

	Group	
	2019	2018
	£	£
5 Administrative expenses		
Directors' fees	407,692	391,750
Directors' National Insurance	48,664	46,955
Operating expenses of investment properties	180,488	141,265
Legal and professional fees	328,473	357,102
Other costs	862,540	105,540
	<u>1,827,857</u>	<u>1,042,612</u>

6 Finance cost

Bank interest	1,445,218	829,351
Convertible loan interest	1,050,314	722,772
Other loan interest	2,123	71,516
Other finance costs	857,175	595,560
	<u>3,354,830</u>	<u>2,219,199</u>

7 Finance income

Bank and other interest	5,511	1,622
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8 Profit before tax

Profit before tax is stated after charging / (crediting) the following:

Operating lease rentals – land and buildings	39,576	43,000
Auditors' remuneration:		
Audit of parent and consolidation	30,000	30,000
Audit of subsidiaries	14,000	16,000
Other services – tax compliance	12,225	9,500
Total fees payable to the auditor	<u>56,225</u>	<u>55,500</u>

9 Staff costs

During the year the Company employed one employee who worked in a clerical capacity for the year at a total cost of £41,117 made up of £36,667 salary, £592 pension and £3,859 social security costs.

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Notes to the Consolidated Financial Statements (continued)

10 Directors' remuneration

	Group and Company	
	2019	2018
	£	£
<i>Director's fee</i>		
Keith Pankhurst	8,923	6,500
Ismail Ghandour	195,000	195,000
Mark Thomas	8,923	6,500
Ivan Minter	143,000	148,000
Dr Tony Ghorayeb	29,897	18,417
Kayssar Ghorayeb	11,641	10,833
Hikmat El-Rousslom	10,308	6,500
	<u>407,692</u>	<u>391,750</u>

No share options were exercised in respect of either year.

11 Taxation

	Group	
	2019	2018
	£	£
Current year tax		
UK corporation tax	91,560	162,189
Adjustment in respect of previous periods	-	(228,463)
	<u>91,560</u>	<u>(66,274)</u>
Deferred tax		
Origination and reversal of timing differences	(98,314)	(80,880)
Total tax charge for period	<u>(6,754)</u>	<u>(147,154)</u>

Reconciliation of current tax charge

Profit on ordinary activities before tax	758,963	214,141
Tax on profit on ordinary activities at 19% (2018: 19.00%)	144,203	40,686
Effects of:		
Expenditure / (income) not deductible for tax purposes / taxable	(37,477)	156,918
Tax on losses not recognised	-	-
Utilisation of unrecognised losses brought forward	(198,238)	(10)
Other timing differences	23,932	(43,149)
Timing difference on property valuations	159,140	(45,682)
Capital gains / losses transferred within the group	-	53,426
	<u>91,560</u>	<u>162,189</u>

Movement on deferred tax

Balance at 1 May 2018	214,502	295,382
Charge for the period	(98,314)	(80,880)
Balance at 30 April 2019	<u>116,188</u>	<u>214,502</u>

A potential deferred tax asset of approximately £193,263 (2018: £129,083) has not been recognized in the financial statements on the grounds of the uncertainty over its recoverability in the foreseeable future. The deferred tax arises due to other timing differences carried forward of £1,017,173 (2016: £679,384).

	Group	
	2019	2018
	£	£
Deferred tax liability		
The deferred tax liability comprises the following:		
Other short term timing differences	116,188	214,502
	<u>116,188</u>	<u>214,502</u>

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12 Earnings per share

The calculations of earnings per share are based on the following earnings and numbers of shares.

	Group	
	2019	2018
	£	£
Profit for the period attributable to equity owners	814,562	361,295
	No. of shares of 25p	No. of shares of 25p
Weighted average number of shares		
For basic earnings per share	41,245,673	39,837,319
Dilutive effect of share options	29,837,805	18,942,245
For diluted earnings per share	71,083,478	58,779,564
Earnings per share	pence	pence
Basic	1.97	0.91
Diluted	1.15	0.61
	£	£
Dividends declared during the year – per share of 25p	0.0291	0.01
Dividends declared during the year – total	1,196,786	389,121

There were no dividends declared and approved prior to the end of the year for inclusion in the Financial Statements. However, a dividend of £356,994 was approved after the year end, being equal to 0.84p per share.

13 Investment property

	Group	
	2019	2018
	£	£
Valuation at 1 May 2018	50,487,866	29,453,308
Purchases during the year at cost	32,952,499	20,784,558
Sales during the year at valuation	(50,000)	-
Transfer to assets held for sale	(5,100,000)	-
Fair value gain	1,247,731	250,000
Valuation at 30 April 2019	79,538,096	50,487,866

The Group's investment properties have been recognised at fair value. The directors, who are qualified and experienced in property valuation, continuously monitor the values of properties held by group companies by comparison with other properties on the open market, and record the changes in fair value. External valuations are performed by valuers selected by the directors based upon their knowledge, independence and reputation for valuing assets such as those held by the Group. All properties owned by the group at 30 April 2019 have been valued by Bowcliffe Limited, Chartered Surveyors. Two executive directors, one of whom is a Chartered Surveyor, are qualified to assess the valuation of properties by reason of their career experience. The remaining directors have considerable corporate management experience and are competent to challenge issues both within and outside their specific professional qualifications.

The methods of fair value measurement are classified into a hierarchy based on the reliability of the information used to determine the valuation as follows:

- Level 1: valuation based on inputs on quoted market prices in active markets.
- Level 2: valuation based on inputs other than quoted market prices included in level 1 that maximise the use of observable data directly or from market prices or indirectly from derived market prices.
- Level 3: where one or more inputs to valuations are not based on observable data.

Class of property		Valuation technique	Fair value £
Freehold - external valuation	Level 2	Market value	79,538,096

The directors believe that the open market value of the investment properties as at 30 April 2019 is £79,538,096 (2018: £50,237,866). Market value is considered by the directors to be the expected cash proceeds on disposal of the properties on an arms-length basis. The historical cost of investment properties held by the Group is £78,547,221. (2018: £49,644,722).

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Notes to the Consolidated Financial Statements (continued)

14 Investments

	Company	
	2019	2018
	£	£
Cost at 1 May 2018	1,863,965	1,863,765
Companies formed during year	-	200
Impairment of investment in Silverdale worldwide Limited	(70,000)	-
Cost at 30 April 2019	<u>1,793,965</u>	<u>1,863,965</u>

Holdings of more than 20%

The Company holds more than 20% of the share capital of the following companies:

Subsidiary Undertaking	Nature of business	Country of registration or incorporation	Shares Held	
Ace (Barnsley) Limited	Investment	England and Wales	Ordinary	100
Ace (Chelsea) Limited	Investment	England and Wales	Ordinary	100
Ace (Dudley) Limited	Investment	England and Wales	Ordinary	100
Ace (EBT) Limited	Trustee	England and Wales	Ordinary	100
Ace (Gateshead) Limited	Investment	England and Wales	Ordinary	100
Ace (Hanley) Limited	Investment	England and Wales	Ordinary	100
Ace (Hulme) Limited	Investment	England and Wales	Ordinary	100
Ace (Keighley) Limited	Investment	England and Wales	Ordinary	100
Ace (Leeds) Limited	Investment	England and Wales	Ordinary	100
Ace (Luton) Limited	Investment	England and Wales	Ordinary	100
Ace (Management) Limited	Investment	England and Wales	Ordinary	100
Ace (Manchester) Limited	Investment	England and Wales	Ordinary	100
Ace (North) Limited	Investment	England and Wales	Ordinary	100
Ace (Plymouth) Limited	Investment	England and Wales	Ordinary	100
Ace (Sunderland) Limited	Investment	England and Wales	Ordinary	100
Hilcott Overseas Limited	Investment	England and Wales	Ordinary	100
Lantana Properties Limited (Sub of Luton)	Investment	BVI	Ordinary	1
Radcliff Property Limited	Investment	Anguilla	Ordinary	100
Silverdale Limited	Investment	BVI	Ordinary	100

The principal place of business for all subsidiaries is the United Kingdom.

15 Assets held for sale

	Group	
	2019	2018
	£	£
Fair value at 1 May 2018	7,734,000	9,526,000
Transfer from investment property	5,100,000	-
Sale during the year	(3,729,000)	(1,542,000)
Overall fair value loss	(320,079)	(250,000)
Fair value at 30 April 2019	<u>8,784,921</u>	<u>7,734,000</u>
This consists of:		
Hume House, Leeds, subject to an option exercisable by 25 March 2019	-	3,550,000
Oscar Court, purchased 26 February 2016	2,500,000	2,500,000
Willow House, Aldershot	1,300,000	1,300,000
Residential portfolio Stoke on Trent, individual properties in process of sale	-	179,000
Residential portfolio Barnsley, individual properties in process of sale	205,000	205,000
Bridge House, Dudley	4,779,921	-
	<u>8,784,921</u>	<u>7,734,000</u>

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15 Assets held for sale (continued)

Oscar Court was purchased partly by the issue of ordinary shares in the Company with the intention of re-selling. Willow House, Aldershot, has potential for development and was purchased for re-sale. The residential portfolio in Barnsley was purchased in 1 October 2014 by issue of shares. Agreement has been reached for the sale of Bridge House Dudley with completion on 9 April 2021.

16 Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade receivables	144,306	850,548	-	-
Other receivables	24,830	35,640	-	-
Amounts due from subsidiary companies	-	-	64,257,182	54,654,655
Prepayments and accrued income	341,354	48,291	33,775	23,542
	<u>510,490</u>	<u>934,479</u>	<u>64,290,957</u>	<u>54,678,197</u>
Current	510,490	934,479	12,190,957	10,528,197
Non-current	-	-	52,100,000	44,150,000
	<u>510,490</u>	<u>934,479</u>	<u>64,290,957</u>	<u>54,678,197</u>

The directors consider that the carrying amount of financial assets approximates to their fair value

17 Liabilities relating to Assets held for sale

	Group	
	2019	2018
	£	£
Secured loan on Hume House, Leeds	-	982,392
Secured loan on Flat G, Oscar Court	1,440,125	1,604,749
	<u>1,440,125</u>	<u>2,587,141</u>

The liabilities held for sale are secured on the properties to which they relate and will be repaid once the assets are disposed of. The liability bears interest at 3.5% . Hume House, Leeds and Bridge House, Dudley have been charged as security for a loan granted by Lloyds bank plc to the parent Company.

18 Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade payables	141,336	170,640	1	-
Taxation and social security	179,954	93,292	10,935	16,245
Other payables	2,459,209	198,246	99,025	152
Amounts due to subsidiary companies	-	-	2,618,192	1,159,175
Accruals and deferred income	2,052,882	777,691	301,793	170,221
	<u>4,833,381</u>	<u>1,239,869</u>	<u>3,029,945</u>	<u>1,345,793</u>
Current	4,833,381	1,239,869	3,029,945	1,345,793
Non-current	-	-	-	-
	<u>4,833,381</u>	<u>1,239,869</u>	<u>3,029,945</u>	<u>1,345,793</u>

All of these liabilities are held at amortised cost. The directors consider that the carrying amount of financial liabilities approximates their fair value.

19 Borrowings

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Other loans	17,186,604	14,619,845	17,186,604	14,619,845
Bank loans	45,947,240	26,073,780	26,133,087	26,073,780
	<u>63,133,844</u>	<u>40,693,625</u>	<u>43,319,691</u>	<u>40,693,625</u>
Current	15,921,701	690,000	15,221,201	690,000
Non-current	47,212,143	40,003,625	28,098,490	40,003,625
	<u>63,133,844</u>	<u>40,693,625</u>	<u>43,319,691</u>	<u>40,693,625</u>

All of these liabilities are held at amortised cost. The directors consider that the carrying amount of financial liabilities approximates their fair value.

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Notes to the Consolidated Financial Statements (continued)

19 Borrowings (continued)

Details of security and interest rates

On 17 November 2016 the Company drew down a loan of £13,751,800 from Lloyds Bank plc secured on the investment properties owned by its subsidiaries Ace (Plymouth) Limited, Ace (Gateshead) Limited, Ace (Sunderland) Limited, Ace (Dudley) Limited, Ace (Leeds) Limited and Ace (Hanley) Limited. On 11 April 2017 the Company drew down an advance of £2,320,000 secured on the property acquired on that date by its subsidiary Ace (Manchester) Limited. These advances carried an interest rate of 2.85% above LIBOR.

The Company drew down the following advances at an interest rate of LIBOR +2.70%:

13 October 2017 an advance of £6,264,000 secured on the properties acquired on that date by Ace (Management) Limited;

14 February 2018 an advance of £2,407,000 secured on the further property acquired on that date by Ace (Management) Limited; and

6 March 2018 an advance of £2,755,000 secured on the property acquired on that date by Ace (Keighley) Limited.

The loan was for a term of five years repayable in quarterly amounts of £172,500 and a final repayment on 17 November 2021.

On 31 May 2018, the Company's subsidiary, Ace (North) Limited, drew down a loan of £2,795,000 from Coutts & Co secured on that Company's Leicester property. The loan was for a term of five years at an interest rate of LIBOR plus 3% and was guaranteed by the Company's parent. On 27 June 2018 a further loan of 4,061,000 was drawn down for the purchase of two further properties on the same terms. Capital repayments for the two loans amounted to £600,000 p.a. Further loans to finance further acquisitions were drawn down on 15 November 2018 for £2,600,000, on 17 January 2019 for £2,359,500, and on 20 February 2019 for £1,651,000, all on the same terms. On 30 April 2019 these loans were consolidated into one loan of £13,611,000 repayable by quarterly instalments of £125,000 with final repayment on 30 April 2024. The rate of interest was LIBOR plus 2.75% and the loan was secured on the company's properties with a guarantee from its parent.

On 30 April 2018 the Company's subsidiary, Ace (North) Limited, drew down a loan of £6,516,250 from Coutts & Co on the same terms for the purchase of two further properties. The loan is repayable by quarterly repayments of £40,125 with full repayment on 30 April 2024.

On 28 June 2017 the Company issued a convertible loan note for £10,000,000 carrying an interest rate of 6% with an option to convert into ordinary shares of 25p at a price of £0.7125 within two years of issue. The holder also has an option to purchase properties owned by the Group at an agreed price.

On 25 January 2018 the Company issued a convertible loan note for £5,263,700 carrying an interest rate of 5% with an option to convert into ordinary shares of 25p at a price of £1.00 within two years of issue. By 30 April 2019, holders of CLNs to a value of £1,178,700 had converted their holdings into ordinary shares of 25p and Loan Notes to a value of £4,085,000 remained outstanding.

These notes were unsecured.

On 26 April 2019, the Company drew down loans from five of its shareholders to a total value of £2,800,000. The loans carry an interest rate of 7% and have a term of two years. The loans are unsecured. After the year end, four further share holders advanced loans totalling £400,000 on the same terms.

20 Convertible Loan Notes

The Company issued 10,000,000 6% convertible notes for £10,000,000 on 28 June 2017. The notes are convertible into ordinary shares of the Company, at the option of the holder at any time, or repayable on 28 June 2019. The conversion rate is 1 share for each note held at a price of 71p. Negotiations are well advanced for a renewal of the instrument for a further two year period ending on 28 June 2021.

The Company also issued £5,263,700 5% convertible notes on 25 January 2018. The notes are convertible into ordinary shares of the Company, at the option of the holder at any time, or repayable on 31 December 2019. The conversion rate is 1 share for each note held at a price of £1. £1,175,700 of the issue has been redeemed in the year.

The estimate of the annual interest for equivalent non-convertible loans has been updated following issues of loans in the year. The estimate changed from 8% to 7%.

The convertible notes are presented in the balance sheet as follows:

	Group and Company	
	2019	2018
	£	£
Face value of the convertible loan notes in issue as at the year end	14,085,000	15,263,700
Equity element	(341,604)	(579,548)
Liability component on initial recognition	<u>14,743,396</u>	<u>14,684,152</u>
Liability component at the start of the period	13,931,907	-
Issue of convertible loan notes	-	14,684,152
Interest charged at effective interest rate	1,194,575	722,773
Interest paid/redemption	(1,296,570)	(600,000)
Finance cost capitalised	(21,500)	(1,339,711)
Finance cost expensed in year	678,105	464,693
Change in estimate	44,683	-
Liability component at the end of the period	<u>14,531,200</u>	<u>13,931,907</u>

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21 Share capital

	Group and Company	
	2019	2018
	£	£
42,433,368 (2018: 40,263,548) ordinary shares of £0.25 each	10,608,342	10,065,887
	<i>Shares of 25p</i>	<i>Shares of 25p</i>
Shares in issue at 1 May 2018	40,263,548	39,286,070
Shares issued during year ended 30 April 2019	2,169,820	977,478
Shares in issue at 30 April 2019	42,433,368	40,263,548
During the year the Company issued 2,169,820 new ordinary shares of 25p nominal value as follows:		
	Shares	£
Settlement of arrangement fee at 100p	15,000	15,000
Conversion of Convertible Loan Notes at 100p	1,178,700	1,178,700
Interest on CLNs at 100p	117,870	117,870
Exercise of Warrants at 80p	858,250	686,600
	2,169,820	1,998,170

Share Options

Share options are granted to directors and officers of the Group. Options are not conditional on the employee's performance and there is no service condition attached to the awards. They are exercisable immediately and the exercise price is factored into the fair value at grant. The weighted average fair value of options granted in the year was determined using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date"). The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Share options outstanding and their related weighted average exercise prices are as follows.

	2019		2018	
	Weighted average exercise price in £ per share option	Options	Weighted average exercise price in £ per share option	Options
At 1 May 2018	£0.59650	4,093,333	£0.59650	4,093,333
Issued during year	£0.72000	2,890,000	-	-
At 30 April 2019	£0.65215	6,983,333	£0.59650	4,093,333

The share options issued in the year have been valued using the Black-Scholes model with the following inputs: Mid-market share price, £1.10; Bid price discount, 24%; Option exercise price, £0.72; Expected life of Options, 7 years; Volatility, 19.2%; Dividend yield, 4.5%; and a risk free rate of 1.32%.

Of the 6,983,333 outstanding options (2018: 4,093,333 options), 6,983,333 options (2018: 4,093,333) were exercisable. Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant - expiry	Expiry date	Exercise price in £ per share options	Share options	
			2019	2018
2013 - 2020	31 Oct 2020	£0.58500	2,333,333	2,333,333
2016 - 2022	20 Apr 2022	£0.61875	1,760,000	1,760,000
2019 - 2025	15 June 2025	£0.72000	2,890,000	-

22 Reserves – Company and Group

Share premium account. When shares are issued at a value greater than the nominal value of 25p, the surplus is credited to this reserve. The balance shown at any time is net of the costs of share issues. The Reserve is not distributable.

Share option reserve. This represents the cost to the Company of issuing the options described in the previous note. The reserve is not distributable and will be utilised when options are exercised. If options are cancelled or lapse, the reserve will be transferred back to retained earnings.

Other reserve. Convertible Loan Notes issued by the Company are fully explained in note 20. This reserve contains the equity element of CLNs issued by the Company.

Treasury shares. This represents the cost of acquisition of the Company's own shares owned by its subsidiary, Ace (EBT) Limited as trustee of the Group's Employee Benefit Trust.

Retained earnings. The accumulation of undistributed profits earned by the Company over previous and current trading years.

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Notes to the Consolidated Financial Statements (continued)

23 Financial Instruments

23.1 Financial instruments recognised in the consolidated statement of financial position

All financial instruments are recognised initially at their fair value and subsequently measured at amortised cost:

	Group	
	2019	2018
	£	£
<i>Loans and receivables</i>		
Cash and cash equivalents	1,956,742	5,180,225
Trade and other receivables	510,490	934,479
	<u>2,467,232</u>	<u>6,114,704</u>
<i>Other financial liabilities</i>		
Borrowings	63,133,844	43,280,766
Trade and other payables	4,883,381	1,616,469
	<u>67,967,225</u>	<u>44,897,235</u>

Fair values of financial assets and liabilities.

The fair value of trade debtors and creditors included in net current assets is equivalent to the balance sheet carrying values. All of the Group's borrowings are held at amortised cost.

23.2 Financial risk management objectives and policies

Credit risk

At the balance sheet date there were no significant concentrations of credit risk. The Group trades only with recognised, credit worthy customers. All customers who wish to trade on credit are subject to credit verification checks and customer balances are checked regularly to ensure that the risk of exposure to bad debts is minimised.

The Group's cash balances are all held with major banking institutions. The majority of trade receivables are due from credit worthy customers or financial institutions and are automatically settled within a few days of arising.

Liquidity risk

Responsibility for liquidity risk management rests with the board which has formulated liquidity management tools to service this requirement. Management of liquidity risk is achieved by monitoring budgets, forecasts and actual cash flows. The Group's policy is to minimise refinancing risk and to match loan maturities with the expected period of rental income for each property.

The table below analyses the Group's financial liabilities (excluding Trade and other payables) into maturity groupings:

	Under 1 year	1 - 5 years	Over 5 years	2019 Total
	£	£	£	£
Mortgages secured on investment properties	1,381,176	44,931,227	-	46,312,403
Liabilities held for sale	89,500	1,350,625	-	1,440,125
Convertible loan notes	14,531,201	-	-	14,531,201
Unsecured loan	-	2,655,404	-	2,655,404
	<u>16,001,877</u>	<u>48,937,256</u>	<u>-</u>	<u>64,939,133</u>

Market risk

The Group's main exposure to market risk is through interest rates. As a condition of the loan facility advanced by Lloyds Bank plc, the Company is required to make a hedging arrangement in respect of a minimum of 75% of the loan drawn down.

Interest rate risk

The Group is subject to interest rate risk as its bank balances and some borrowings are subject to interest at a floating rate. The interest rate on bank balances at 30 April 2019 was in the range 0% to 0.05%. Interest rate on loans at the same date was in the range 3.5% to 4.3%. Of the Group's borrowings at 30 April 2019, £46,625,050 is at rates fixed for the duration of the loan or a minimum period of three years. The directors monitor interest rates closely and evaluate the return from property purchases using a cost of financing significantly above current market rates.

Fair value risk

In view of the above interest arrangement it is thought that fair value risk is minimal and that financial instruments are stated in the consolidated statement of financial position at value not significantly different from their fair value.

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Notes to the Consolidated Financial Statements (continued)

23.3 Capital Structure

The Group sets the amount of capital in proportion to risk and monitors this in accordance with economic conditions and the risk profile of underlying assets. Capital consists of share capital, share premium account, share option reserve, other reserve and retained earnings. The Group monitors its debt to equity ratio which was calculated as follows.

The movement in the year was the result of the Group successfully investing its cash balances in suitable properties.

	Group	
	2019	2018
	£	£
Total debt	63,133,844	43,280,766
Less cash and cash equivalents	(1,956,742)	(5,180,225)
Net debt	61,177,102	38,100,541
Total equity	21,170,030	19,439,335
Debt to equity	289%	196%

23.4 Financial assets

Financial assets are disclosed in notes 16 and 23.1. The Group's principal financial assets are bank balances and trade and other receivables. The directors have a policy of only acquiring properties which have tenants with a high credit rating to minimise the risk of non payment. Short term cash deposits are placed only with banks with a high credit rating.

24 Related party transactions

	Group	
	2019	2018
	£	£
Hind Property Company Limited is a related party as Ismail Ghandour is a director of both companies.		
The following amounts are included in the Group Statement of Financial Position at 30 April:		
<i>Trade and other receivables</i>	-	9,698
Included within the Group's income statement are the following amounts charged by Hind Property Company Limited:		
<i>Property management fees</i>	2,182	7,200
LiBank (Levant Investment Bank) s.a.l. is a related party as Dr Tony Ghorayeb is a director of both companies.		
The following amounts are included in the Group Statement of Financial Position at 30 April:		
<i>Cash and cash equivalents</i>	51,012	11,387
Maybridge Commercial Limited is a related party as Mark Thomas is a director of both companies.		
There are no amounts included in the Group Statement of Financial Position at 30 April.		
Included within the Group's income statement are the following amounts charged by Maybridge Commercial Limited:		
<i>Professional fees</i>	58,500	36,000
Bijan Daneshmand is a related party because of his shareholding in Ace Liberty & Stone plc		
Included within the Group's income statement are the following amounts charged by Bijan Daneshmand		
<i>Legal and professional fees</i>	-	30,000

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Notes to the Consolidated Financial Statements (continued)

24 Related party transactions (continued)

	Company	
	2019	2018
	£	£
Ace (Leeds) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc.		
The value of transactions in the year was	973,124	18,280
The following amounts are included in the Company Statement of Financial Position at 30 April:		
<i>Trade and other receivables</i>	978,690	843,646
Hilcott Overseas Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc.		
There are no transactions in the year		
The following amounts are included in the Company Statement of Financial Position at 30 April:		
<i>Trade and other payables</i>	335,100	335,100
Silverdale Worldwide Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc.		
The value of transactions in the year was	143,375	(126,150)
The following amounts are included in the Company Statement of Financial Position at 30 April:		
<i>Trade and other receivables</i>	-	497,606
Ace (Hulme) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc.		
The value of transactions in the year was	6,657,476	372,958
The following amounts are included in the Company Statement of Financial Position at 30 April:		
<i>Trade and other receivables</i>	-	713,604
<i>Trade and other payables</i>	1,456,523	-
Radcliff Property Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc.		
The value of transactions in the year was	1,000	20,964
The following amounts are included in the Company Statement of Financial Position at 30 April:		
<i>Trade and other payables</i>	826,569	824,075
Ace (Luton) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc.		
The value of transactions in the year was	73,228	281,910
The following amounts are included in the Company Statement of Financial Position at 30 April:		
<i>Trade and other receivables</i>	1,029,212	958,432
Ace (Barnsley) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc.		
The value of transactions in the year was	37,000	113,401
The following amounts are included in the Company Statement of Financial Position at 30 April:		
<i>Trade and other receivables</i>	745,130	778,130
Ace (Sunderland) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc.		
The value of transactions in the year was	2,219,853	71,365
The following amounts are included in the Company Statement of Financial Position at 30 April:		
<i>Trade and other receivables</i>	4,202,469	4,202,612
Ace (Dudley) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc.		
The value of transactions in the year was	10,296,152	11,114
The following amounts are included in the Company Statement of Financial Position at 30 April:		
<i>Trade and other receivables</i>	2,416,502	3,873,401
Ace (Gateshead) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc.		
The value of transactions in the year was	609,446	6,635
The following amounts are included in the Company Statement of Financial Position at 30 April:		
<i>Trade and other receivables</i>	186,8077	1,878,631
Ace (Plymouth) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc.		
The value of transactions in the year was	452,879	1,306
The following amounts are included in the Company Statement of Financial Position at 30 April:		
<i>Trade and other receivables</i>	3,751,482	3,721,603

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Notes to the Consolidated Financial Statements (continued)

24 Related party transactions (continued)

	2019 £	2018 £
Ace (Chelsea) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc. The value of transactions in the year was	<u>253,332</u>	<u>240,843</u>
The following amounts are included in the Company Statement of Financial Position at 30 April: <i>Trade and other receivables</i>	<u>1,994,947</u>	<u>1,741,615</u>
Ace (Hanley) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc. The value of transactions in the year was	<u>1,334,289</u>	<u>28,866</u>
The following amounts are included in the Company Statement of Financial Position at 30 April: <i>Trade and other receivables</i>	<u>9,415,688</u>	<u>9,394,069</u>
Ace (Management) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc. The value of transactions in the year was	<u>3,117,015</u>	<u>1,620,755</u>
The following amounts are included in the Company Statement of Financial Position at 30 April: <i>Trade and other receivables</i>	<u>15,767,981</u>	<u>15,559,151</u>
Ace (Manchester) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc. The value of transactions in the year was	<u>697,731</u>	<u>35,668</u>
The following amounts are included in the Company Statement of Financial Position at 30 April: <i>Trade and other receivables</i>	<u>4,197,316</u>	<u>4,200,856</u>
Ace (EBT) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc. The value of transactions in the year was	<u>9,568</u>	<u>24,654</u>
The following amounts are included in the Company Statement of Financial Position at 30 April: <i>Trade and other receivables</i>	<u>502,659</u>	<u>512,227</u>
Ace (Keighley) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc. The value of transactions in the year was	<u>987,679</u>	<u>5,020,152</u>
The following amounts are included in the Company Statement of Financial Position at 30 April: <i>Trade and other receivables</i>	<u>5,006,172</u>	<u>5,020,152</u>
Ace (North) Limited is a related party as it is a subsidiary of Ace Liberty & Stone plc. The value of transactions in the year was	<u>12,112,037</u>	<u>767,919</u>
The following amounts are included in the Company Statement of Financial Position at 30 April: <i>Trade and other receivables</i>	<u>12,376,703</u>	<u>767,919</u>

25 Post balance sheet events

The Company has paid dividends on 2 May and 26 July as shown in the Directors' Report.
On 24 May 2019, the Company's subsidiary, Ace (Barnsley) Limited sold the remaining four properties in its portfolio for £205,000.
On 12 July 2019, the company's subsidiary, Ace (Leeds) Limited granted an option for an indefinite period for a fee of £50,000 to a prospective purchaser to acquire the property for £2,350,000.

26 Controlling party

The Company has no one controlling party.