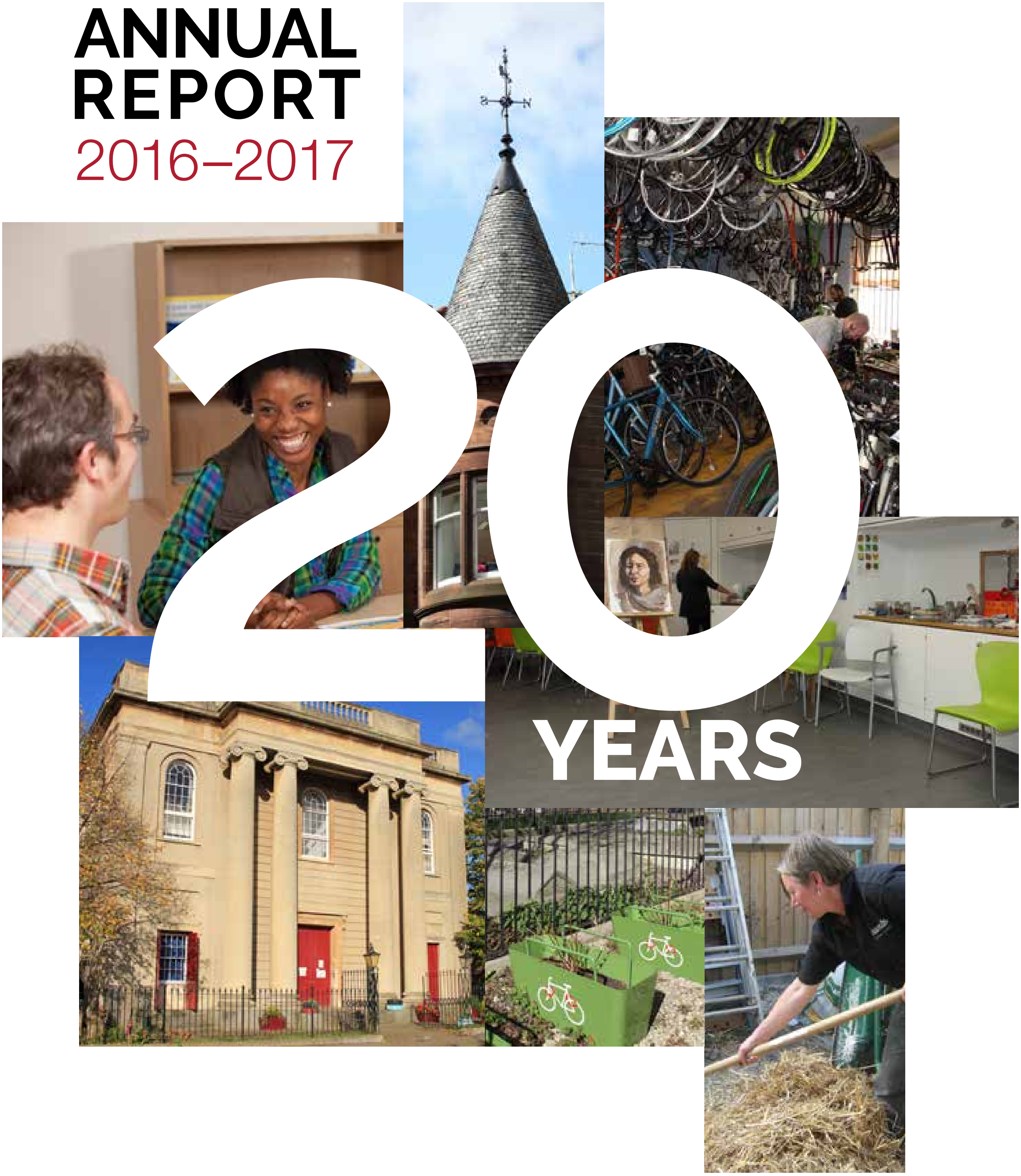
ethical
PROPERTY

ANNUAL REPORT
2016–2017



INVESTING IN SOCIAL CHANGE

CONTENTS

ethical PROPERTY

+44 (0)1865 207810
info@ethicalproperty.co.uk
www.ethicalproperty.co.uk

WELCOME

CHAIR'S STATEMENT

It is with much pleasure that I can report on another busy and successful year for Ethical Property. This has been a year which has shown a healthy set of results which is a credit to our hard-working staff, loyal shareholders and inspiring tenants who are helping us to achieve considerable growth. New projects, such as The Green House and Streamline, demonstrate the standards we set for ourselves and for the industry as a whole. Meanwhile, family members in other countries show that Ethical Property can and does deliver ethical workspaces worldwide.

Over the last year we have focussed on our operational fitness, focussing on our finance and our people. Our People Plan for Growth supports our aim to enlarge our portfolio by 2020. As ever, this is in the context of plans to develop all aspects of the triple bottom line.

People

We are providing more workspace for tenants, and our conference facilities and meeting rooms are much sought after; an example is that there have been more courses available at the St Pauls Learning Centre since we took over its management.

Planet

We are continuing to work towards cleaner power and by the end of 2018 all of our buildings will be powered by renewable energy. The replacement of Development House in our portfolio with The Green House will enable a significant reduction in adverse environmental impact.

Profit

There has been strong and steady increase in both our profits and the value of our portfolio. The Directors propose a final dividend for the year of 2.6 pence per share, in line with our intention to increase returns to shareholders.

I would like to take this opportunity to pay tribute to Paul Bellack, who was our longest serving Director until he resigned from the Board late last year. His knowledge and contribution to the Company made a real difference to its success. It does not go too far to say that without Paul's contribution we would not be where we are today.
Thank you, Paul.

This year we celebrate 20 years of Ethical Property. In that time we have proved that you can run a successful business whilst keeping true to our commitment to delivering social and environmental, as well as financial, returns.

We look forward to another good year as we add two new buildings to our portfolio – The Green House in London and Streamline in Bristol.

John Whitaker, Chair, Ethical Property

MANAGING DIRECTOR'S UPDATE

As we look forward to celebrating our 20th anniversary this year – Ethical Property continues to change the way we all profit from property; socially, environmentally and financially. We are building our new flagship project, The Green House, and have purchased a new building in Bristol whilst continuing to build on steady improvements in our financial performance and developed an in-depth people strategy.

We are pleased with our financial results for the year. We are reporting an increase in profits of 13% (EBIT), the biggest contributor to this being The Foundry, which has paid dividends for the first time this year. We have also seen an 8% increase in the value of the portfolio.

With respect to our debt, after 20 years banking with Triodos, who have supported us in all our growth so far, we have taken the decision to move our banking to Lloyds. Lloyds will be able to better support us in the next stage of our growth.

We continue to closely monitor our environmental performance, and have undertaken some specific improvements to some smaller buildings this year, which are detailed later in this report. All but one of our owned centres are now on a 100% renewable electricity tariff from specialist green electricity companies. However, the biggest contribution we will make is through our new centres; The Green House is being built using the most innovative building techniques which will reduce the use of cement as much as possible and replace it with timber.

In this report you'll read some inspiring stories from our tenants. I attended the 10th anniversary of Thorn House, Edinburgh, in September and was struck by the close relationships the tenants have both with each other and our staff. In total we have supported close to 1,000 organisations throughout the year; the high demand levels for our buildings continue, with average occupancy of 95%.

In September I was in France with representatives from the Ethical Property family in France, Belgium and Australia. It is important to remember the significant work being done overseas, where we now have 17 centres and are growing fast. We also welcomed a representative from Atlanta, in the United States, where we may soon have our next member of the Ethical Property family.

One of our objectives is to communicate how it is possible to do business in a way that makes profit as well as caring for people and the environment. During the year, I've attended several meetings organised by the London Stock Exchange with senior politicians and policy makers from both the UK and the EU where there has been a lot of interest in our model and the needs of social business. It's important that Ethical Property, as one of the UK's largest social businesses, has a voice in these debates, and we must continue to do so in the changing economic environment.

Susan Ralphs, Managing Director,
Ethical Property


SCOTIA

OUR CENTRES AND TENANTS

OUR PROPERTIES

We have an incredibly dedicated team that have provided exceptional services to our tenants over the past 12 months.

Highlights

Our occupancy levels averaged 95.2% with our tenants survey delivering the highest level of responses so far, demonstrating an increase in engagement. The Foundry achieved its best financial performance to date boosted by record conference activity.

Owned

Occupancy of our owned centres remains high and it has been a busy year of consolidation and preparation for growth in 2018.

In our owned centres, improvement projects this year include:

- Thorn House, Edinburgh – Extensive programme of refurbishment of windows
- Green Fish, Manchester – Repair and repainting of front façade and new front entrance, and internet speed improvements
- Scotia Works, Sheffield – Internet speed improvements
- Brunswick Court, Bristol – Security system improvements
- Colston Street, Bristol – Intruder and fire alarms upgraded
- The Old Music Hall, Oxford – Additional bike racks installed
- Grayston Centre, London – New showers and break out space
- Eco-Centre, Brighton – External repairs and repainting.

Managed

Conferencing activity is attracting an increasing number of organisations to The Foundry and Resource for London. Both London centres have staged a variety of synergy events, many of which included engagement with the local community.

In early 2017 The Foundry in Vauxhall, London, opened a new Café, along with a food preparation area to meet the high demand of conference catering. We were also able to open-up additional meeting space, available to hire for tenants and external clients alike.

St Pauls Learning Centre, in Bristol, has had a particularly successful year; activity in the building has increased significantly, all offices are occupied and the valuable crèche is back in action. Training rooms are frequently in use by office tenants and locally based organisations.

Award Winning workplace and workspace

Continuing on from our previous successes, we have won the following awards in recognition of our work:

- Fairplace Award 2016-19 – The Old Music Hall, Oxford
- Gold Award, Best Fairtrade Office – Bristol Cluster

Demonstrating once again that successful business can be ethical.

Action and follow up from 2016 Tenant Survey

In 2017 we piloted a new way of evaluating actions Ethical Property has taken directly as a result of feedback received in our 2016 Tenant Survey. Here are highlights of what we achieved in 2017:

Areas of concern	Action taken in 2017	Centre
Security	ID cards, visitor passes, additional internal CCTV introduced	The Foundry
	Improved front door signage and security to prevent tailgating	Scotia Works
	Intruder alarms and fire alarms were both upgraded in 2017	Colston Street
	Additional signs installed around the building directing conference guests to public facilities	The Foundry
Cleaning	Increased cleaning hours and supervision as well as using more environmentally friendly cleaning products	The Foundry
	Progress made repainting of toilets in The Old Music Hall, decoration expected to be completed in 2018	The Old Music Hall
	Deep clean activity undertaken in 2017. Recruitment of extra cleaners underway with a new regime expected to be in place early 2018	The Old Music Hall
	New cleaning schedule implemented to improve kitchen and toilet cleanliness	Scotia Works
	Clear instructions provided to cleaners after improvements made in toilets	Colston Street
Café	Opened Café in January 2017 and created additional store space for meeting room and conference catering supplier	The Foundry
	Cutlery replenished more frequently	The Foundry
Meeting Rooms	Additional projector purchased as back up for conference rooms which can be borrowed for use in tenant meeting rooms	The Foundry
	Meeting Rooms were re-painted in 2017	Grayston Centre
	New notices encourage cancellation when a meeting is not being used after booking	The Old Music Hall
	New meeting room tables purchased in May 2017	Green Fish
	Meeting Room deep cleaned, new AV patch panel installed and new sideboard provided	Brunswick Court
Wi Fi provision	Meraki Wi Fi Access points installed. Internet speeds are stretched as Skype call usage increases in the building. A further upgrade will be required in 2018 to meet greater demand	The Old Music Hall
	New Meraki Wi Fi introduced in February 2017, improving performance across the centre	Green Fish
Break out space	Purchased tables, chairs and an extra sofa for the Atrium	The Foundry
	All carpets in communal areas were replaced in 2017	The Foundry
	Ground floor break out space redecorated, new furniture purchased and tidier, cleaner and brighter space created	Grayston Centre
	A break out space introduced on first floor landing	The Old Music Hall
Communal outdoor space	Purchased planters and furniture for roof terrace. Launched a gardening club	The Foundry
Bike Racks and Bike Security	Additional racks have been supplied and installed	The Old Music Hall
	Gate and fence installed to discourage unauthorised visitors and discourage bike thefts	The Old Music Hall
Community	Cyclist group and gardening club established which has helped promote cycling to work and encourages social events in the building	Development House

SERVICES, SYNERGY & COMMUNITY

In 2018, we will extend the planning and review of actions in response to the 2017 tenant survey results across all our properties. We were delighted that 182 (61%) organisations responded to our survey, compared with 50% last year.

We have also taken time to capture some stories where our properties, centres and services help deliver impact and encourage synergy and collaboration between like-minded organisations. Highlights in 2017 include:

Services

- Holloway Art lending Library – open to all tenants, visitors, public and community. Artwork by local artists – Resource for London
- Resolution Records - joining us as a stall holder, they quickly progressed to take over one of our huts and, in 2017, Resolution Records celebrated their growth by moving into one of Green Park Station's prime retail units
- Assisting Refugee Resource to use our flexible meeting spaces at The Old Music Hall, to meet the growing demand for their services.

Working closely with Ethical IT our priority will be to continue to review and improve IT provision for all of our properties. To ensure we meet the growing requirements of our tenants, we will endeavour to provide higher broadband speeds and Wi-Fi hotspots wherever possible.

Synergy

- Monthly fundraising forum where ideas and expertise are shared between tenants (Tenant led) – The Foundry
- DSC provide discounted training and resources to all Resource for London tenants
- ACE work with the unemployed and those looking to improve their skills to help make them more employable. They only rent two desks so their allocation to meeting room space is very low, but other tenants in the Grayston Centre kindly gave up part of their allocation to allow the training sessions to happen
- Picton Street initiative encouraging tenants to socialise over lunch
- At Thorn House, Edinburgh, the once redundant table tennis table is now being used for regular social events, bringing different organisations together
- In Green Fish, Manchester, there are now weekly Kundalini Yoga sessions organised and taught by Community Arts North West.

Community

- Our tenants, Ethex and JoJu Solar, worked together at The Old Music Hall on a local project to deliver the largest community owned roof top solar system in the UK **http://www.jojusolar.co.uk/portfolio_page/prodrive-moon-back/**
- The Foundry team have worked closely with Lilian Baylis Technology School to promote work experience with organisations within the centre. Sixth Form students were offered work experience placements over the summer.

CASE STUDIES

Blue Ventures, Brunswick Court

www.blueventures.org

In 2003 a group of scientists were surveying coral reefs in the Mozambique Channel. During these expeditions they learnt that the Vezo communities in southern Madagascar were concerned about the decline of their fisheries. Wanting to help, they supported one village to experiment with closing off a small section of their octopus gleaning area for a few months, to see whether this might boost productivity.

Much to everyone's delight, there was a huge increase in octopus landings and fisher incomes when the area reopened. Very quickly other communities in the area copied this temporary closure approach, and their success often sparked more ambitious conservation efforts like Locally Managed Marine Areas (LMMAs), which are governed by fishing communities in order to sustain local fisheries and safeguard marine biodiversity. More than 100 LMMAs have been established in Madagascar to date, protecting over 14% of the island's seabed, and demonstrating that marine conservation can be in everyone's interest. By listening to the unmet needs of the communities they work with, Blue Ventures' unconventional journey in conservation continues, and they have developed models supporting aquaculture initiatives, community health, education and mangrove conservation, and they still host volunteers at their field sites to assist in coral reef research.

As a rapidly growing organisation, they started to look for a second workplace outside of London to support their UK-based team. They found that Bristol would offer them the perfect opportunity, and started out in our Picton Street location, before soon needing even more space and moving to Brunswick Court.

"We love being in a building run by a company with similar values and our team really enjoys the collaborative spirit of working alongside other values-driven organisations" Ben Honey of Blue Ventures advised.

This incredible organisation received recognition in 2015 when their founder and Executive Director, Alasdair Harris, was awarded the prestigious Skoll Award for Social Entrepreneurship and we look forward to supporting their growth for many years to come.

Child Soldiers International, Grayston Centre

www.child-soldiers.org

Child Soldiers International, based in our Grayston Centre in London, is a human rights organisation which campaigns to end the military use, recruitment and exploitation of children.

Founded in 1998 as a part of the Coalition to Stop the Use of Child Soldiers, the organisation initially campaigned for the creation of OPAC - the child soldier treaty - which was successfully implemented by the United Nations in 2002 and outlaws the use of child soldiers. Since 2011, Child Soldiers International has been an independent human rights organisation, based in London and working internationally.

One of their main focusses is preventing child recruitment and working at government level to encourage countries to ratify OPAC in law. To date, 167 countries have ratified the treaty. The main campaign they have at the moment is Straight 18, which centres on countries adopting a universal military recruitment age of 18.

Alongside this, they work with communities to raise awareness about the dangers of child recruitment. This is done through various workshops, education projects and practical information designed to better support former child soldiers and their communities.

Ethical Property was able to provide a budget friendly option for office space for the organisation. They also needed a serviced building so that they didn't have to liaise with third parties which proved to be time consuming. With Ethical Property including most costs, they were able to focus on their objectives more easily.

"We enjoy being surrounded by similar organisations" Melanie Doucakis, Office Manager at Child Soldiers International explains. "In other offices, we had been quite isolated, but there is a real buzz about the Ethical Property building."

Community Arts North West, Green Fish Resource Centre

www.can.uk.com

Community Arts North West (CAN) is an arts development and production company, as well as a registered charity based in our Green Fish Resource Centre in Manchester. Founded in 1978, CAN is an Arts Council England funded organisation that facilitates cultural expression and visibility for the many complex and diverse communities that make up Greater Manchester. Most of all, they create access to high quality experiences and powerful socially-engaged art. Diversity is central to their work, working with a range of cultural backgrounds, ages and art-forms.

Having moved to Green Fish in 2004, Faye Salisbury, Executive Director at CAN, has emphasised the importance of having a central location with good transport links – easily accessed by the Greater Manchester communities with whom they work. Over the past 10 years, Ethical Property has also been able to provide flexible space to accommodate CAN's very own digital media lab.

"The other tenants are great, most of them are in the voluntary sector too, so it provides good networking. Our Property Manager is also very helpful." – Faye Salisbury, Executive Director

Alison McGechie Artist Maker, Brighton Open Market

www.alisonmcgechie.com

Artist Maker, Alison McGechie, is a hands-on creator with her inspiration rooted in the human form and organic materials.

Having initially trained as a teacher, Alison decided to go back to study for a degree in art in 2008. Since graduating, she was on the look-out for permanent studio space to continue her work as a professional artist.

Alison works on commissions for customers and enjoys engaging with people and what they are interested in. She also creates her own abstract sculptures in ceramic and carvings in wood and stone. Recently she has incorporated metal with carved 'found' wood in a series of pieces inspired by the human body.

Alison is a Brighton local and has known the Brighton Open Market all her life from its heyday in the 70s. Her studio provides an independent space to work but also the chance be a part of a community at the same time. She has space to teach, lead small workshops, host parties, provide one-to-one tuition and accommodate family groups.

"My studio is a window to the world. People know the Open Market, so they know where to find you. I am able to be independent within a community space. It's ideal to make work, chat to other tenants and to the public who pop in. I can teach and it works as a shop front for my business." – Alison McGechie

Being based in a creative and artistic community such as Brighton has given Alison the opportunity to feature in Galleries on the famous Brighton Sea Front as well as many Open Houses and Festivals. The Open Market has also provided the balance Alison needs for her place of work:

"I love my space, I feel creative – and I can go get my coffee, my vegetables and my patisseries from the Market below" – Alison McGechie

OUR SOCIAL AND ENVIRONMENTAL PERFORMANCE

SOCIAL PERFORMANCE

Our business model is shaped directly by our values – these determine who we work with, what services we offer, where we locate our buildings and how we treat staff and other stakeholders. We seek to have a positive impact on society through:

- **Our tenants and clients:** we work primarily with organisations that are striving to create a more equal society or to protect the environment
- **Our services:** we provide physical space and services designed to support such organisations in their work and to offer opportunities to share resources and ideas
- **Our locations:** most of our buildings are sited in diverse communities
- **Our employment practices:** we aim to create a positive working environment for all our employees, to reward their work fairly and to ensure equality of opportunity
- **Our openness and transparency:** we strive to be honest, open and transparent with all stakeholders.

The company has set itself targets for tenant satisfaction and environmental performance and it reports against these in our supplement (please see page 13 for details). The following highlights aspects of our social performance.

Our tenants and other clients

As of September 2017, 326 organisations and individuals were occupying space in our properties, a reduction of 13 over the previous year.

In 2016/17 60.4% of our tenants were charities or other non-profit organisations. The others were businesses working in the social sector, such as consultancies and service providers, or small, local businesses.

September 2017, we had six clients for whom we provided property management services:

- Bath Quaker Meeting lets out its hall to local community groups – see www.bathquakermeeting.org.uk
- Resource for London offers office space and conference facilities to the charitable and voluntary sector, with a focus on those providing services within London – see www.resourceforlondon.org
- The Foundry is purpose built to support social justice and human rights organisations, and opened in September 2014 – see www.aplaceforchange.co.uk
- St Michael's Parish Hall Bristol is available for hire by community groups and is also used by the local school – see www.ethicalproperty.co.uk/stmichaelsparishhall
- The Unitarian Chapel Bristol lets out its hall to local community groups and has two offices available to rent – see www.ethicalproperty.co.uk/our-centres/bristol/the-unitarian-chapel
- The Quaker Meeting House Cardiff has offices to rent as well as one large and two small meeting rooms for hire – see www.cardiffquakers.com

Our services

Our vision has always been to offer distinctive services, beneficial for the not-for-profit and social change sectors. We provide premises that are appropriate for their needs, affordable, flexible, well-managed and in which like-minded organisations can work alongside each other.

Range of offices available

We seek to offer a wide range of office sizes, which are appropriate for the sectors we support.

Our properties reflect the needs of the local community and our tenants' requirements. In cities in which we have more than one property, you will often find dedicated hubs focussed around specific causes and sectors, such as the Eco Centre in Brighton and The Foundry, a centre for social justice and human rights.

We continue to offer single desk spaces in properties where these have proved popular. Our flexible approach to space has enabled 17 existing tenants to increase their workspace and 12 to reduce their workspace and remain in our properties. We are continuing to respond well to the changing needs of the sector, reflected also in our low level of vacant space.

Networking and resource-sharing

Our tenants enjoy the opportunities to work alongside like-minded organisations. Our shared communal spaces, social activities and events naturally lead to interaction and collaboration.

The Foundry provides many opportunities including a table tennis league, visiting speakers, a gardening club and provisions that encourage cycling to work. Some of our properties offer Yoga sessions; at Green Fish these sessions ask for a voluntary donation which goes entirely to charity. Almost all of our properties offer social events from bake sales through to Christmas parties.

The Tenant Resources section of our website, which we launched in late 2012, provides tenants and staff with easy access to an electronic noticeboard, meeting room booking system and centre email lists.

Our quarterly tenants' newsletter, along with our social media channels, highlights the work undertaken by a wide range of tenants promoting both their work and that of Ethical Property.

Our employment practices

Our key aims as an ethical employer are to:

- create a positive working environment
- pay salaries which are fair and appropriate
- promote equality of opportunity.

Staff Survey Responses

Our annual staff survey again showed high levels of enthusiasm amongst staff for working for the company, and a pleasing degree of shared values. Over 94% of respondents said that they enjoyed working for the company and 98.5% felt that they fully or partly agreed with the company's values. More detail can be found in the Annual Report Supplement, along with a breakdown of our staff numbers.

In January 2013 we were accredited as a Living Wage employer[1] and we proudly remain so. We continue to maintain our exceptionally low pay ratio between the highest and lowest paid member of staff – 4.8:1.

Fairness, honesty and transparency

Our aim is to treat all stakeholders, tenants, external clients, shareholders, staff and our suppliers with fairness, honesty and transparency.

In most of our properties we hold regular meetings with tenants, to give them an opportunity to comment on general management issues and to develop their own ideas for social and networking events. Property managers are readily available and we provide access to a comprehensive Tenant Handbook for their property, which contains all the relevant information on the property and the relevant policies and procedures to enable them to use the building effectively and safely.

In the last year we held a programme of regional meetings with shareholders, the feedback from those attending was that they appreciated the opportunity for those who may not be able to attend the AGM to meet both members of our Board and our Senior Management Team. We will develop this programme of engagement further over of the next few years.

Key Target: Our stability index, measuring our ability to retain staff, has significantly improved, exceeding our target of 80%.

1 www.livingwage.org.uk/employers

Staff Commitment to the Environment: Daily commute to work

The results from the Staff Survey about their daily commute to work prove that our employees are committed to our value of pursuing a sustainable lifestyle.

For a more detailed analysis of our performance, please see our supplement document, available at **www.ethicalproperty.co.uk/investor-relations/annual-reports**. To request a printed version, please call **01865 207 810** or email **info@ethicalproperty.co.uk**

ENVIRONMENTAL PERFORMANCE

As well as our social commitments, we aim to deliver an environmental return through the purchase, refurbishment and management of property. It is our aim to own buildings which are:

- well-located
- refurbished to minimise energy and water use
- finding ways which use resources as efficiently as possible.

The following pages highlight the elements of our environmental performance which we believe are the most significant. More detailed information can be found in the supplement document.

Our energy usage

Ethical Property has always put considerable effort into measuring and monitoring the energy and water use in our centres; while reducing usage and carbon emissions through the improvement of building fabric and services, better building management, the use of renewable energy and by educating building users.

In the last year, for our owned properties, overall energy use increased by 8.1% (over a slightly greater floor area due to the inclusion of St Pauls Learning Centre) and the total associated carbon dioxide (CO_2) emissions increased, as below.

Key energy use data 2017[2]		Change from previous year
Total energy use	4,109,965 kWh	8.6%
Average energy use	145.1kWh/m^2	8.1%
Total CO_2 emissions	873,947 kg CO_2	8.7%
Average CO_2 emissions[3]	38.5 kg CO_2/m^2	2.9%

The increase in CO_2 emissions is proportionately larger than the increase in energy use. While the CO_2 emissions associated with Grid Mix electricity have fallen, (since electricity generation from coal has declined significantly within this mix, being replaced by other fuels with less emissions), the use of gas to heat our buildings and water within them has risen by over 9%. The emissions associated with our Brighton Junction have decreased due to the upgraded wood pellet boiler.

A review of properties' performance will take place in the coming months. Although to date the process of improvement of our centres has tended to reduce emissions, we are aware that there is a limit to what we can achieve with the buildings that we have, even with further investment. We have therefore prepared a seven-year environmental plan to ensure that we continue to meet our targets, through environmental evaluation of potential acquisitions.

We have begun to switch properties to 'green gas' supplies, which we believe is worthwhile and are therefore delighted to support innovative suppliers. This has produced a 'saving' in carbon emissions but this is not included in the figures stated.

The impact of large properties

The Green House will achieve a BREEAM 'Excellent' rating for its sustainability and will have high energy efficiency.

Our growth strategy anticipates setting up more large centres over the next few years. If we can set up further new, larger properties to the same high environmental standards, the effect of this growth would be to reduce average energy use across the portfolio significantly and enable us to meet the challenging targets we have set ourselves.

We can't do this on our own!

It is crucial that we bring others with us in order to meet our current targets and, if possible, set even more demanding targets in future. We can install all the energy-saving devices and systems we choose, but their impact will only be maximised with the informed co-operation of our property management staff and users of our properties. We must equip all property management teams with the understanding of how their buildings have been designed to work, and ensure they are equipped with the knowledge to manage them with maximum efficiency. As well as installing the right equipment, it is vital that handover training and documentation is in place to get the most benefit from the technology. Property staff have a keen and committed interest in monitoring energy and water usage, reacting appropriately to the data collected and promoting energy and resource efficiency to tenants and visitors to their properties.

2 Totals for energy and carbon dioxide include Green Park Station shops, but averages per square metre do not because of the inconsistent features of the supplies there.
3 Based on the fuel mix in the National Grid for electricity – see supplement for more information.

INDEPENDENT AUDITOR'S ASSURANCE STATEMENT

Scope and objectives

The Ethical Property Company Limited ('Ethical Property') commissioned Henriques & Co. Ltd ('the auditor') to undertake independent assurance of its 2016/17 social report, within this annual report, ('the report') together with the supplementary material available online. Henriques & Co. Ltd has no other relationships with Ethical Property that might compromise its independence. This is the eighth year that the auditor has reviewed the Ethical Property social report. The assurance process was conducted in line with aa1000as (2008) and designed to provide type 2 moderate assurance. The Global Reporting Initiative (GRI) quality of information principles were used as criteria for evaluating performance information.

Responsibilities of the Directors of The Ethical Property Company Limited and of Henriques & Co. Ltd

The Directors of Ethical Property have sole responsibility for the preparation of the report. This statement represents the auditor's independent opinion and is intended to inform all Ethical Property's stakeholders, including management. A balanced approach towards Ethical Property stakeholders was adopted. The auditor was not involved in the preparation of the report. A management letter was also produced. The work was performed by Adrian Henriques; see **www.henriques.info** for information on independence and competence.

Basis of our opinion

The auditor's work was designed to gather evidence with the objective of providing assurance as defined in aa1000as (2008). To prepare this statement, the auditor reviewed the report and supplementary information, visited Ethical Property sites and interviewed staff. Feedback was provided to Ethical Property on drafts of the report and other material and, where necessary, changes were made.

We are satisfied that we have been allowed unhindered access to the financial and non-financial accounts, documentation and reports covering Ethical Property's activities and stakeholder engagements and to its managers and staff.

Findings & opinion

On the basis of the work we have done, we believe the report fairly represents Ethical Property's principal stakeholder relationships, impacts on its stakeholders and its responses to their concerns.

However the report does not cover the international activities or joint ventures of the Ethical Property group.

Observations

Without affecting our assurance opinion, we also provide the following observations.

Inclusivity concerns the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

Ethical Property actively consults its key stakeholders, including tenants, staff and shareholders. It is notable that for both staff and tenants, a high response rate has been achieved for the completion of the respective surveys. In addition, staff responses indicated a high degree of alignment with Ethical Property's goals.

Material issues are those which are necessary for stakeholders to make informed judgments concerning Ethical Property and its impacts.

The report deals with the main issues specified in the quintessentials and likely to be of concern to stakeholders and the environment. The report should more clearly set out how it determines which issues are sufficiently material to be reported.

The reporting of owned and non-owned properties has been further integrated in this report. This is important to give a full and balanced view of Ethical Property's overall performance.

While the operational performance of Ethical Property's buildings is reported systematically, in future years it would be welcome to see a broader range of the lifecycle of its properties considered to give some perspective on the impacts of their development and disposal.

Responsiveness concerns the extent to which an organisation responds to stakeholder issues.

Tenant satisfaction has for some years remained broadly flat and below target. It would be helpful for Ethical Property to explore new ways to understand its impact on tenants and how that may be improved.

Environmental performance is reasonable as a whole, but continues to show unexplained variability from year to year and building to building. To address this, new approaches to the management of the data collection process could be developed.

The supplier mix target for carbon dioxide has been exceeded. New ways to target environmental performance in this area should also be developed.

Henriques & Co. Ltd

Adrian Henriques, Social Auditor, Henriques & Co. Ltd, London, December 2017


VAUXHALL


GOLD


Sloane


brighton eco centre


BRIGHTON
JUNCTION
ETHICAL PROPERTY CENTRE


THE FOUNDRY


"
Greatness is not measured
by what a man or woman accomplishes
but by the opposition he or she has
overcome to reach his goals.
"

CELEBRATING 20 YEARS

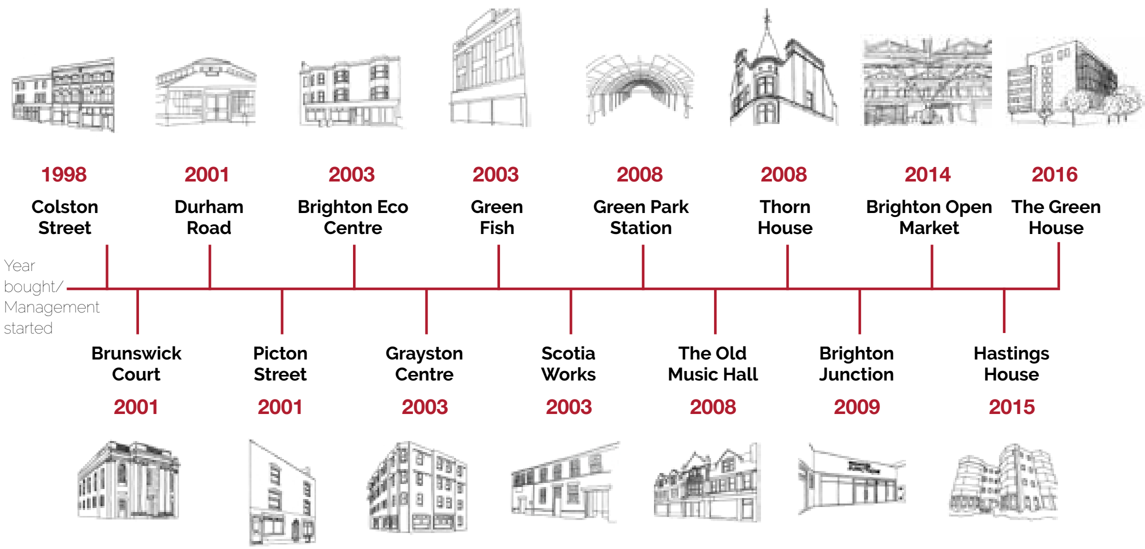
In 1998, Andy King and Jamie Hartzell came together with one common goal in mind; to provide more dedicated work space for charities, voluntary organisations and small, ethically focussed businesses, whilst also offering an ethical investment opportunity for investors.

From a simple idea planted in the heart of Bristol, Ethical Property's impact has increased; branching out over two continents, rooted in 4 countries and thriving in over 40 centres; our family is continuing to provide ethical space for 1,000s of social change organisations internationally. Working collaboratively with our sister organisations in Europe and Australia has contributed to our success. Inspiring projects, such as Etic's Les Halles, Lyon, a space selling mostly organic, bulk and seasonal produce alongside a restaurant area; is leading the way in removing plastic from produce, tackling an important environmental issue.

Our founding values, which we still firmly hold today and that separate us from others within our industry, have extended through to the formation of a Charity and IT solutions company. We have proven that it is possible to deliver a constant financial return each year without compromising our social and environmental impact.

20 years on, our lettable space has grown across the UK from 940.7 sqm to over 22,000 sqm - and counting - but we're not stopping there. By 2020, our plan is to expand our portfolio by 21,300 sqm, doubling the amount of organisations we can support.

We look forward to another 20 years of providing workspace that delivers social, environmental and financial value for people, planet and investors.



NEW DEVELOPMENTS

We have been working on a number of really exciting projects over the past 12 months. The Green House, our new property in Bethnal Green, is the largest construction project we have ever taken on: refurbishing and expanding a largely derelict property to create approaching 50,000 square feet of lettable office space.

This was part of our strategy to dispose of Development House in Old Street in order to support more organisations and create a more sustainable building. We are determined to achieve a BREEAM 'Excellent' rating for sustainability for this property and ensure that it is a striking and efficient place to work for our tenants. The extension of the property will be largely constructed from cross-laminated timber, drastically reducing the 'carbon footprint' of the centre, speeding the construction process and creating a 'breathable building': a healthy environment for work. The building will be completed during the coming year and we expect the first tenants to be moving in in the summer of 2018. Bethnal Green is very accessible by public transport, bicycle and foot; and we believe that it will prove extremely popular with tenants, benefit the community and help stimulate the local economy.

In Bristol, where we already have four popular properties, we are also developing a new centre within The Paintworks, an exciting mixed-use development alongside the river. This new centre, named Streamline, will be supplied to Ethical Property on a 'shell and core' basis, providing just under 20,000 square feet of NIA (net internal area), which we will fit out to provide as much lettable office space as is feasible; while maintaining our characteristic provision of communal meeting, break out and tea-making spaces. We are confident that we will also achieve BREEAM 'Excellent' certification for this centre, which benefits from a site-wide community heating scheme, passive cooling and lots of natural light. We are excited to be opening this centre in the Temple Quarter Regeneration Zone, a new part of Bristol for the Company and one that will appeal to tenants because of its proximity to the main train station and the 'creative buzz' being created at The Paintworks. We plan to start filling the building in May and completely fill Streamline during the year.

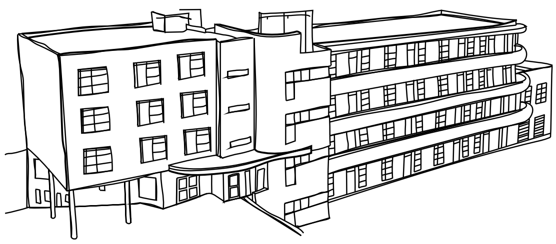
Looking forward we also have a number of exciting plans in place in order to meet the demand from potential tenants and partners. Subject to successful institutional fundraising, we are keen to develop:

- A new centre for social enterprise in Manchester, where we currently have one building (Green Fish) and are looking to create a more sustainable cluster of activities
- A hub for charities in Birmingham, which is the largest city in the UK without an Ethical Property centre and we feel is ideally located to accommodate a new hub
- An additional London centre to enable us to meet the incredibly high level of demand we have from potential tenants for affordable, flexible and supportive space in the capital.

1999

Colston Street
Bristol

2018



Streamline
Bristol

Bristol, the home of our
first ever building and the newest

DIVIDEND WAIVER

Our Dividend Waiver Fund is a critical part of our social return. Thanks to the generosity of our shareholders, who can choose to waive their annual dividends at any time, this fund continues to help a variety of worthy recipients each year; including tenants, start-up organisations and external projects.

One element of the Dividend Waiver Fund is The Rent Hardship Fund, which supports tenants who are experiencing short-term funding problems.

It is a vital way for us to support small, more vulnerable organisations. In the 2016/17 financial year, we offered support to two tenants who were smaller, start-up organisations, which allowed them to continue to operate through periods of short-term financial hardship. We are committed to increasing the scope of the support we offer over the next 12 months and becoming more proactive in identifying organisations we may be able to help, and ways in which we can contribute to associated projects and development initiatives.

Part of the Dividend Waiver Fund also allows us to offer additional support to our sister charity, the Ethical Property Foundation, who offer independent advice and training to a host of charities and voluntary groups looking to manage their properties.


GREEN
PARK
STATION
Volunteer
Centre

OUR FINANCIAL PERFORMANCE

We are pleased to report on a year of steady growth in operating results. Looking ahead we are preparing for the launch of The Green House in 2018, our largest centre to date, replacing Development House and boosting the scale of our operations.

Earnings before Interest and Taxation (EBIT)

We consider that EBIT is the most appropriate measure of underlying performance as this includes earnings from all our activities, including dividends from The Foundry. It also gives a clear illustration of year-on-year trends, as it is unaffected by changes to interest costs. EBIT increased by 13% year-on-year.

The main factors behind the increase in EBIT last year were the increase in gross profit from 41% to 43% of sales and the contribution from The Foundry, including dividends.

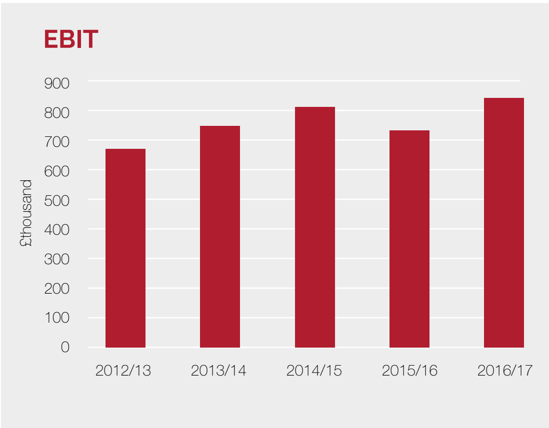
Interest costs charged against profit were lower last year as most funding costs were capitalised as debt was re-drawn to fund the redevelopment of The Green House. In the previous financial year debt was paid down following the sale of Development House and interest costs of £122k were capitalised.

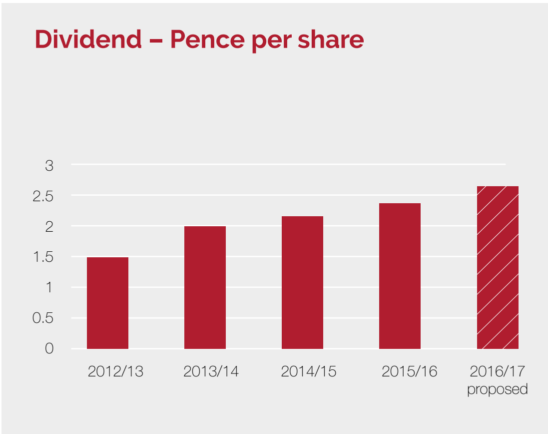
Dividends

The Company has paid a dividend every year since offering shares to investors in 2001.

In April 2017, we paid a final dividend of 1.4 pence per share, bringing the total dividend paid from the profits from 2015-16 to 2.4 pence per share. This is in line with our forecast in the 2015 Share Issue Offer document, and our plan to increase the dividend each year.

This year Directors propose a dividend of 2.6 pence per share, again in line with the 2015 forecast. This represents a year-on-year increase of 8.3% and a distribution of 64% of EPS. Directors consider that this is an appropriate level of dividend as we enter a year of significant expansion and new projects coming on stream.



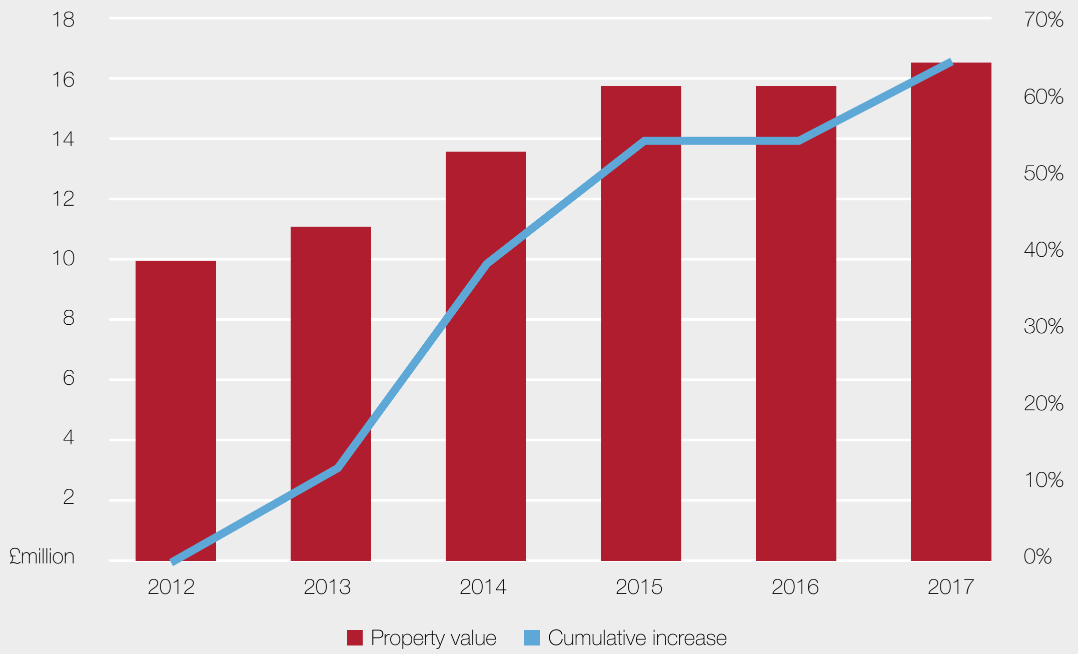


Property values

This year we commissioned a valuation of the majority of operational properties (96% by value), resulting in an uplift of £1.3 million, or 8% across the portfolio. In 2016 we elected not to commission a full external valuation of the portfolio and kept the valuation unchanged on the advice of our valuers given the uncertainty following the vote to leave the European Union. This means that the 2017 valuation uplift is compared to the 2015 valuation. In 2016 we realised the value of our largest asset, Development House, and replaced it with The Green House in Bethnal Green, which is shown in our accounts at the cost of acquisition plus development costs.

Property values have increased steadily since 2012. Looking at the group of properties that we have owned throughout this period, the overall valuation has risen by 66%, which equates to a compound growth rate of 11% per annum:

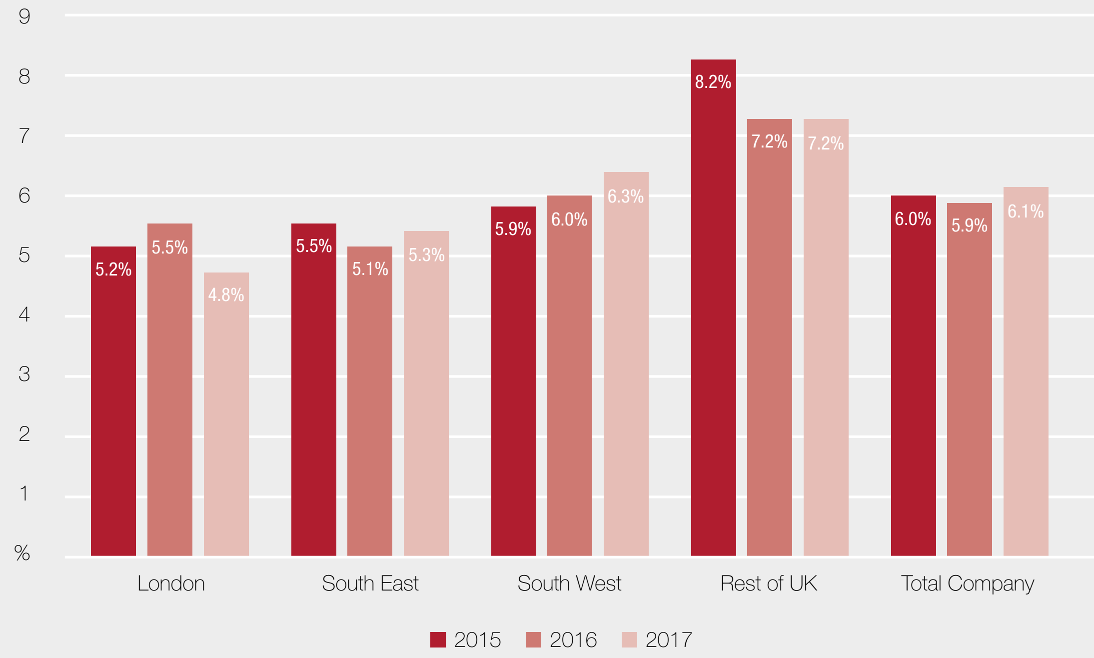
Value of Properties



Empty space

We have reported that empty space for the year averaged 4.8%. In reporting annual performance, we exclude properties in their first year of operation or in the course of disposal. Hastings House, acquired in 2015, was included for the first time for 2016/17 and Development House has been excluded. The occupancy of our centres is consistently high and we are proud of our track record, with 5-year average occupancy at 95% or higher throughout the past decade.

Net yield by region



Performance of our properties

This performance indicator looks at the net contribution, after all direct operating costs, from our centres expressed as a percentage of their in-use valuation. We monitor this measure to ensure that our portfolio continues to generate good returns. It is worth noting that yields in London and the South East are lower than elsewhere in the UK given that inherent property values are higher.

Net yields have increased in the South East and South West; yields decreased slightly in London given a significant uplift in property valuation.

Liquidity

The past year has seen a slowing of the secondary market for shares, although liquidity remains at a much higher level than before 2015.

Last year sell orders for 227,156 shares were placed and 167,251, 74%, were sold by the end of the year. A further 44,538 shares were sold in the year. At the end of the year there were 72,980 shares for sale.

The average price for completed trade in 2016-17 was £1.25 per share, which compares with £0.83 per share in 2015-16.

THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2017

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 30th September 2017.

Business review

Earnings before interest and taxation (EBIT) for the year was £852,927 (2016: £756,899), an increase of 12.7%. This measure includes our share of earnings from The Foundry, contributing £69,249 to the year-on-year growth, including dividends which were paid for the first time in the year.

We continue to experience very high levels of demand for space and most of our properties continue to have very high rates of occupancy. We were able to increase rents by an average of 4.5% (RPI +2%) in April 2017.

In total, empty space (voids) averaged 4.8%, 0.9% lower than in 2016. Hastings House in Cardiff, acquired in August 2015, is included in overall statistics for the first time. We report occupancy on new buildings separately for the first year of ownership.

The allowance for the costs of the sale of Development House has been increased by £0.5 million, reported as a loss on disposal of fixed assets, taking account of the revised project timetable for the redevelopment of The Green House.

Net Assets has increased from £42.5 million to £44 million, mainly as a result of increases in property values. NAV per share has increased from 285p to 295p.

Investment property valuations have increased by £1,310,905, adding 8% to the value of the portfolio. Values have risen in all regions, with the most significant increases in London. The Green House, which is on the course of redevelopment, is stated at cost, in accordance with our accounting policy.

We have invested a further £3.7 million during the year in the redevelopment of The Green House, our new building in Bethnal Green, including detailed design, planning consents, site preparation and groundworks.

During the year, we have re-drawn £6.495 million of the Triodos revolving credit debt facility to fund The Green House project, and to pay the final two instalments of corporation tax on the capital gain on the sale of Development House.

Results and dividends

The profit on ordinary activities before taxation, property disposals and exceptional items amounted to £706,161 (2016: £483,534).

On 13th September 2016 the Directors approved an interim dividend of 1.0 pence per share which was paid in October 2016. The dividend was £149,107 of which £6,124 was waived. On 7th February 2017 the Directors declared a final dividend of 1.4 pence per share which was paid in April 2017. The dividend was £208,750 of which £8,817 was waived. This brings the total dividend for the year to 2.4 pence per share.

In consideration of the positive results for the year, the Board recommends a dividend for the year of 2.6 pence per share. This is again in line with the forecast in the 2015 Share Issue Offer document for the dividend to be paid in 2018.

The Company also uses an extensive range of non-financial indicators to measure its environmental and social performance. It sets targets for this and reports on them in its published annual report and supplement.

Principal risks and uncertainties

The Company considers assessing and managing risk is a fundamental part of its business strategy and a core competency for its staff and Directors. With the oversight of the Audit Committee, we regularly monitor and manage our risks, to ensure we are aware of any key concerns. The Directors are responsible for overall risk management, and determine the level of risk the business can take to meet its strategic objectives.

The principal risks the Company faces are:

Reduction in the value of property

The Company is exposed to movements in the value of the property against which its bank loan is secured. We monitor property indices and liaise regularly with our valuers. We ensure we carry headroom against Loan to Value (LTV) covenants and report quarterly to our Audit Committee.

Construction risk

In undertaking the redevelopment of The Green House, its largest asset, the Company is exposed to construction risk, including the potential for delays and cost overruns. The Company mitigates against this risk through the engagement of a full professional and project management team with monthly reports to the Board and the maintenance of an appropriate contingency in the project budget.

Price risk, credit risk, liquidity risk and cash flow risk

The Company's principal financial instruments comprise bank balances, bank loans, trade debtors and trade creditors. The main purpose of these instruments is to finance the business operations.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest where required. All of the business's cash balances are held in such a way that achieves a competitive rate of interest.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. The amounts presented in the balance sheet are net of allowances for doubtful debtors. Trade creditors' liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

External risk factors

Uncertainty from Brexit and world events could impact our tenants and their sources of funding. Recent forecasts of slower growth in the UK could also lead to increased vacancy rates. We monitor economic trends closely and stay in close contact with tenant groups through our local teams. Regional economies remain resilient despite the uncertainty.

Approved by the Board on 12th December 2017 and signed on its behalf by:

S Ralphs
Managing Director


106–108
The
Old Music Hall
ethical
PROPERTY
ethicalproperty.co.uk
LOOKING FOR A SPACE TO WORK

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH SEPTEMBER 2017

The Directors present their Report and the financial statements for the year ended 30th September 2017.

Directors of the Company

The Directors who held office during the year were as follows:

John Whitaker (Chair), Paul Bellack (resigned 06/10/2017), Tim Farazmand, Mark Luntley, Susan Ralphs, Lisa Tennant.

Principal activity

The principal activity of the Company is to support charities, co-operatives, community and campaign groups and ethical businesses by developing and running centres that are focal points for social change. At these centres the tenant organisations benefit from reasonable rents, flexible tenancy terms and office space facilities designed to meet their needs. They also become part of a working community where they can exchange skills and ideas under one roof. The Ethical Property Company offers investors the opportunity to make an ethical investment in property that supports groups working for social change.

Directors and their interests

The Directors who served during the year and their beneficial interest in the Company are as follows:

	Ordinary shares of 50p each	
	At 30th September 2017	**At 1st October 2016**
J Whitaker (Chair)	Nil	Nil
P Bellack	50,000	50,000
T Farazmand	30,000	30,000
M Luntley	2,112	2,112
S Ralphs	24,562	24,562
L Tennant	6,500	6,500

Shareholdings

As at 30th September 2017, the composition of shareholdings of ordinary shares in the Company was as follows:

Number of shares held	Number of shareholders	Total shares	% of all shareholders	% of all shares
500 or less	307	119,841	23%	1%
501 to 1,000	253	236,194	19%	1%
1,001 to 2,000	198	332,822	15%	2%
2,001 to 5,000	250	936,635	19%	6%
5,001 to 10,000	152	1,220,911	11%	8%
10,001 to 50,000	136	2,916,517	10%	20%
50,001 to 100,000	16	1,075,104	1%	7%
100,001 to 500,000	15	3,536,018	1%	24%
500,001 to 1,000,000	3	1,909,948	less than 1%	13%
1,000,001 to 5,000,000	2	2,626,718	less than 1%	18%
Total	**1,332**	**14,910,708**	**100%**	**100%**

Disclosure of information to the auditor

Each Director has taken steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. The Directors confirm that there is no relevant information that they know of and which they know the Auditor is unaware of.

Approved by the Board on 12th December 2017 and signed on its behalf by:

S Ralphs
Managing Director

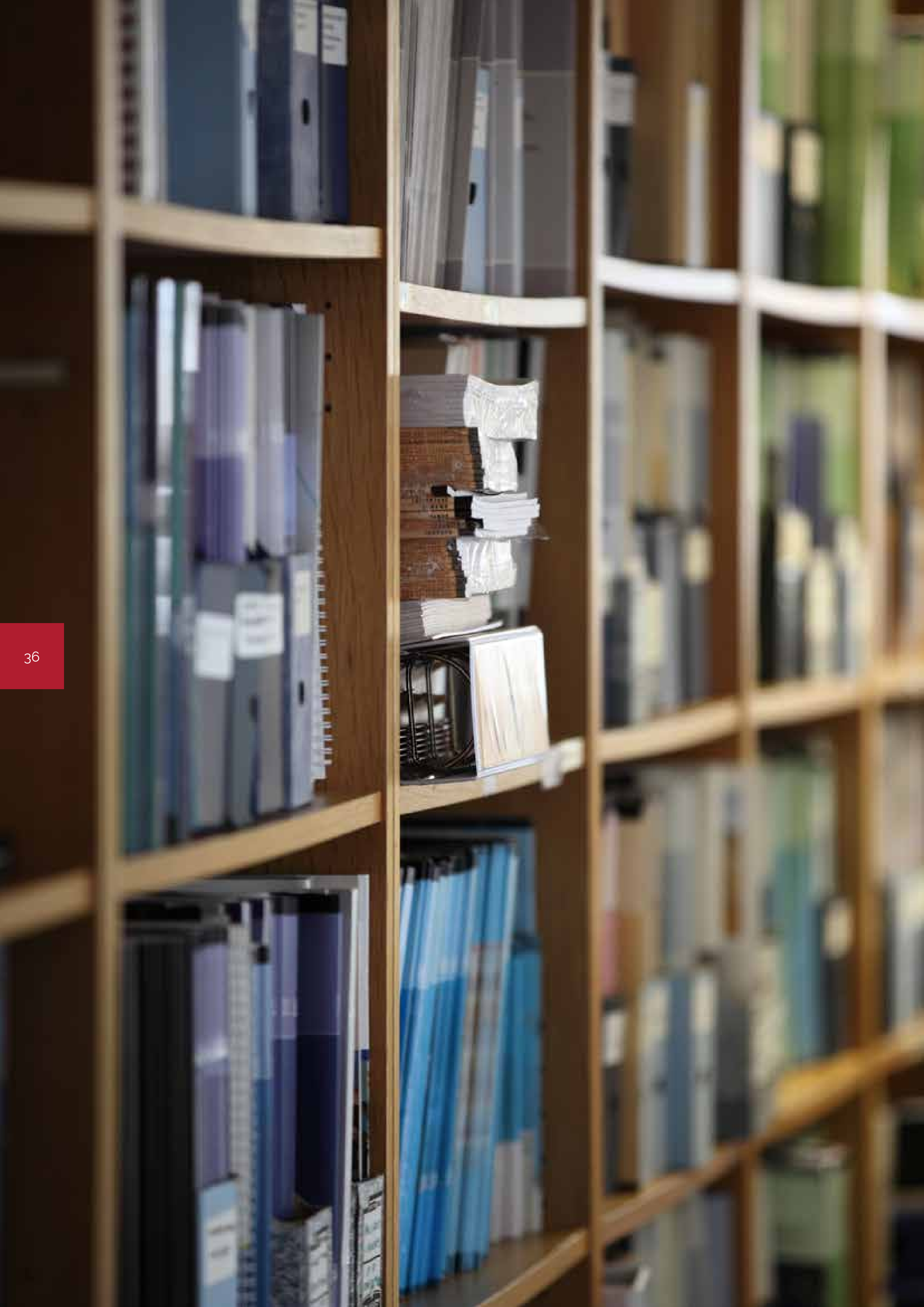
Statement of Directors' Responsibilities

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 financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time, the financial position of 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the financial statements of The Ethical Property Company Limited (the 'Company') for the year ended 30th September 2017, set out on pages 39–51. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30th September 2017 and of its profit for the year
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting practice
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information. 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 Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- The 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; or
- The Directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, set out on page 35, 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 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 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.

Andrew Rodzynski (Senior Statutory Auditor)
For and on behalf of Critchleys Audit LLP, Statutory Auditors
Beaver House
23 - 38 Hythe Bridge Street
Oxford
OX1 2EP
Date: 23rd December 2017

FINANCIAL STATEMENTS

Statement of Comprehensive Income for the year ended 30th September 2017

	Note	2017 £	2016 £
Turnover	3	**4,567,929**	4,371,968
Cost of sales		**(2,611,276)**	(2,571,696)
Gross profit		**1,956,653**	1,800,272
Administrative expenses		**(1,319,096)**	(1,200,753)
Other operating income		**57,651**	77,722
Operating profit	4	**695,208**	677,241
Income from participating interest		**128,953**	23,511
Other interest receivable and similar income	7	**28,766**	56,147
Earnings Before Interest and Tax		**852,927**	756,899
Interest payable and similar charges	8	**(146,766)**	(273,365)
Profit on ordinary activities before exceptional items, taxation and property disposals		**706,161**	483,534
Profit/(loss) on disposal of fixed assets		**(459,477)**	24,265,812
Profit on ordinary activities before movements on investments		**246,684**	24,749,346
Amounts recovered from investment properties	9	**348,555**	-
Exceptional cost		**-**	(23,263)
Tax on profit on ordinary activities	10	**(15,388)**	(5,080,829)
Profit for the financial year		**579,851**	19,645,254
Foreign currency translation movements		**(34,649)**	(213,456)
Movement on unrealised surplus on revaluation of properties		**962,349**	-
Movement on revaluation of investments		**209,834**	450,786
Total comprehensive income for the financial year		**1,717,385**	19,882,584
Earnings per share (pence)	21	**4.08**	2.97
Earnings per share including exceptional items (pence)	21	**3.89**	135.24

Turnover and operating profit derive wholly from continuing operations.

Notes on pages 43–51 form an integral part of these financial statements.

Statement of Financial Position for the year ended 30th September 2017

	Note	2017 £	2016 £
Fixed assets			
Intangible fixed assets	11	**-**	-
Tangible fixed assets	12	**37,875,440**	32,822,910
Investments	13	**5,973,010**	5,771,464
		43,848,450	38,594,374
Non current assets	14	**-**	16,107,692
Current assets	15		
Debtors		**17,155,726**	610,358
Cash at bank and in hand		**357,328**	638,105
		17,513,054	1,248,463
Creditors: amounts due within one year	16	**(2,604,062)**	(4,564,135)
Net current assets		**14,908,992**	(3,315,672)
Total assets less current liabilities		**58,757,442**	51,386,394
Creditors: amounts falling due in more than one year	17	**(14,770,650)**	(8,917,054)
Net assets		**43,986,792**	42,469,340
Capital and reserves			
Called up share capital	19	**7,455,354**	7,455,354
Share premium account	22	**2,864,895**	2,864,895
Capital redemption reserve	22	**530,947**	530,947
Revaluation reserve	22	**5,840,717**	4,668,534
Other reserves	22	**23,379**	21,933
Profit and loss account	22	**27,271,500**	26,927,677
Shareholders' funds		**43,986,792**	42,469,340

Approved by the Board on 12th December 2017 and signed on its behalf by:

S Ralphs
Managing Director

Notes on pages 43–51 form an integral part of these financial statements.

Statement of Changes in Equity for the year ended 30th September 2017

	Note	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
Balance at 1st October 2015		6,577,432	2,086,262	9,398,420	3,286,288	**21,348,402**
Profit for the financial year		-	-	-	19,645,254	**19,645,254**
Other comprehensive income for the year		-	-	450,786	(213,456)	**237,330**
Total comprehensive income for the year		-	-	450,786	19,431,798	**19,882,584**
New shares issued in the year	19	877,922	778,633	-	-	**1,656,555**
Dividends	20	-	-	-	(438,514)	**(438,514)**
Other reserve movement	22	-	-	(4,627,792)	4,648,105	**20,313**
Balance at 30th September 2016		7,455,354	2,864,895	5,221,414	26,927,677	**42,469,340**
Profit for the financial year		-	-	-	579,851	**579,851**
Other comprehensive income for the year		-	-	1,172,183	(34,649)	**1,137,534**
Total comprehensive income for the year		-	-	1,172,183	545,202	**1,717,385**
New shares issued in the year	19	-	-	-	-	**-**
Dividends	20	-	-	-	(208,750)	**(208,750)**
Other reserve movement	22	-	-	1,446	7,371	**8,817**
Balance at 30th September 2017		7,455,354	2,864,895	6,395,043	27,271,500	**43,986,792**

Notes on pages 43–51 form an integral part of these financial statements.

Statement of Cash Flows for the year ended 30th September 2017

	2017 £	2016 £
Cash flows from operating activities		
Operating profit	**695,208**	677,241
Adjustments for:		
Amortisation for intangible assets	**-**	5,667
Depreciation of tangible assets	**38,307**	16,691
Exchange rate differences on loans	**36,193**	132,066
Exceptional item	**-**	(23,263)
(Increase) in debtors	**(437,675)**	(211,586)
(Decrease) in creditors	**(194,146)**	(64,315)
Payment of tax	**-**	(55,549)
Net cash generated from operating activities	**137,887**	476,952
Cash flows from investing activities		
Proceeds from sale of tangible assets	**100,000**	21,274,408
Expenditure relating to sale of tangible assets	**(559,477)**	-
Payment of tax from sale of tangible assets	**(2,314,946)**	(2,734,087)
Purchase of tangible assets	**(3,779,932)**	(15,790,209)
Repayment of loan	**-**	50,000
Acquisition of investments in associates and joint ventures	**(500)**	-
Share buy back from investments in associates and joint ventures	**8,788**	-
Dividends received	**128,953**	24,672
Interest received	**28,766**	56,147
Net cash from investing activities	**(6,388,348)**	2,880,931
Cash flows from financing activities		
Issue of share capital	**-**	1,656,555
Proceeds from borrowings	**6,495,000**	-
Repayment of borrowings	**-**	(4,219,325)
Interest paid	**(146,766)**	(273,365)
Equity dividends paid	**(342,917)**	(275,217)
Net cash received (used) in financing activities	**6,005,317**	(3,111,352)
Net (decrease)/increase in cash and cash equivalents	**(245,144)**	246,531
Foreign exchange translation adjustment	**(34,649)**	(213,456)
Cash and cash equivalents at the beginning of the year	**638,105**	605,030
Cash and cash equivalents at the end of the year	**358,312**	638,105

Notes on pages 43–51 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. COMPANY INFORMATION

The Ethical Property Company Limited was incorporated in England on 23rd August 1994. The registered address is The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE. It is a private limited company.

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006.

Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, assumptions and estimates that affect the application of accounting policies and amounts reported in the statement of comprehensive income and statement of financial position. Such decisions are made at the time the financial statements are prepared and adopted based on historical experience and other factors that are believed to be reasonable at the time. The actual outcomes may be different from initial estimates and are reflected in the financial statements as soon as they become apparent.

The measurement of fair value and carrying investments at fair value through profit and loss constitutes the principal areas of estimate and judgement exercised by the Directors in the preparation of these financial statements. The valuations of properties are carried out by external advisers who the Directors consider to be suitably qualified to carry out such valuations. The primary source evidence for property valuations is recent, comparable market transactions on arm's length terms. However, the valuation of the properties is inherently subjective, which may not prove to be accurate, particularly where there are few comparable transactions. Key assumptions, which are also the major sources of estimation uncertainty used in the valuation, include the value of future rental income, the outcome of rent reviews, the rate and length of voids.

Turnover

Turnover comprises rents, service charges, management fees and consultancy fees receivable by the company, exclusive of value added tax.

Grants

Revenue grants are recognised in the profit and loss account on a systematic basis over the period in which the company recognises expenses for the related costs for which the grants are intended to compensate.

Goodwill

Goodwill is capitalised at cost, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life of five years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Amortisation

Goodwill is stated at cost less amortisation. Goodwill is amortised on a straight line basis over the amortisation period of the assets to which it predominantly relates.

Asset class	Amortisation method and rate
Goodwill	Over five years

Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, on a straight line basis over their expected useful lives as follows:

Asset class	Depreciation method and rate
Furniture, fittings and equipment	Three to five years
Computer equipment	Four to five years

Capitalisation of finance costs

Finance costs and interest are capitalised against a property under construction until practical completion.

Investment properties

Investment properties are stated at valuation. Any surplus or deficit on revaluation is transferred to the revaluation reserve and shown in unrealised surplus in the statement of comprehensive income unless a deficit below original cost, or its reversal, is expected to be permanent. If permanent it is recognised in the statement of comprehensive income as amounts written off investment properties. When considering whether a fall in value is permanent or not, the Directors will consider the likely change in value over the subsequent five years.

When an investment property is sold, the difference between the most recent valuation reflected in the accounts and the net sale proceeds is shown as profit in the profit and loss account.

Assets under the course of construction are shown at cost until the first valuation after practical completion.

Investments, associated companies and joint ventures

Associated companies are those in which the company holds between 20% and 50% of the share capital, over which it has significant influence but not control. Investments in associated companies are stated at the underlying Net Asset Value where this is materially different from cost. Material investments are revalued for exchange rate movements.

Deferred tax

Deferred tax is recognised on timing differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Deferred taxation on capital gains relating to unrealised losses is greater than deferred taxation on capital gains relating to unrealised profits, resulting in a net asset position. This has not been provided for in the accounts but has been disclosed in note 18.

Foreign currency

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are transferred to reserves.

Operating lease agreements

Rentals applicable to operating leases where subsequently all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Financial instruments

Financial instruments are classified and accounted for; according to the substance of the contractual agreement; as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Pensions

The Company operates two defined contribution pension schemes and the pension charge represents the amounts payable by the Company to the funds in respect of the year.

Grant aided renovation

The cost of qualifying investment properties enhanced with the benefit of Government Grant Aid is stated at purchase price less grants receivable, upon confirmation of successful application. The company fully intends to comply with the conditions of each grant, thus negating any requirement to provide potential repayment of the grant or interest. When such properties are revalued, then the revalued amount is shown in the financial statements. Denominations in foreign currencies are translated into sterling at the closing rates at the balance sheet date and the exchange differences are transferred to reserves.

Dividends

Dividends on ordinary shares are treated as a distribution from profit and loss reserves, rather than being treated as a distribution out of the results for the year.

3. TURNOVER

Turnover is attributable to the letting and managing of property to tenants and others. All arose within the United Kingdom.

4. OPERATING PROFIT

The operating profit is stated after charging:

	2017 £	2016 £
Auditor's remuneration - the audit of the company's annual accounts	**7,300**	10,200
Payments to auditor for other services	**3,952**	18,390
Depreciation of owned assets	**38,307**	16,691
Amortisation	-	5,667

5. PARTICULARS OF EMPLOYEES

The average number of persons employed (FTE) by the company (including Directors) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Administration staff	**60**	57
Management staff	**5**	4
	65	61

The aggregate payroll costs were as follows:

	2017 £	2016 £
Wages and salaries	**1,913,456**	1,725,543
Social security costs	**166,649**	148,739
Staff pensions	**100,578**	83,726
	2,180,683	1,958,008

6. DIRECTORS' REMUNERATION

	2017 £	2016 £
Remuneration	**62,969**	61,162
Company contributions paid to money purchase schemes	**4,408**	4,280

During the year salaries were being paid, and retirement benefits in respect of a money purchase pension scheme, were accruing to 1 (2016: 1) Director. In addition to the above remuneration, fees of £25,421 (2016: £24,240) were paid to Non-executive Directors.

Key management compensation:

	2017 £	2016 £
Remuneration	**300,855**	259,815
Company contributions paid to money purchase schemes	**20,665**	16,831

Key management includes Directors and members of the senior management.

7. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £	2016 £
Bank interest receivable	**84**	2,207
Other interest receivable	**28,682**	53,940
	28,766	56,147

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 £	2016 £
Interest on bank borrowings	**146,766**	273,365

9. AMOUNTS RECOVERED FROM INVESTMENT PROPERTIES

This year there was a write back of £348,555 (2016: nil) on the permanent diminution written off in previous years on investment properties.

10. TAXATION

Factors affecting current tax charge for the year

Tax on profit on ordinary activities for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 19.5% (2016 - 20%). The differences are reconciled below:

	2017 £	2016 £
Profit on ordinary activities before taxation	**706,161**	460,271
Corporation tax at standard rate	**137,701**	92,054
Depreciation and other expenses not allowable for tax purposes	**31,237**	25,668
Dividend income and revenue in capital	**(25,146)**	(16,319)
Capital allowances for the year	**(45,472)**	(54,532)
Effect of capital gain/(loss)	**(82,932)**	5,032,116
Adjustment to prior year tax	**-**	1,842
	15,388	5,080,829

11. INTANGIBLE FIXED ASSETS

	Goodwill £	Total £
Cost		
At 1st October 2016	85,000	**85,000**
At 30th September 2017	85,000	**85,000**
Amortisation		
At 1st October 2016	85,000	**85,000**
Charge for the year	-	**-**
At 30th September 2017	85,000	**85,000**
Net book value		
At 30th September 2017	-	**-**
At 30th September 2016	-	**-**

Goodwill relates to the purchase of intangible fixed assets on the formation of Ethical IT LLP.

12. TANGIBLE FIXED ASSETS

	Investment properties in the course of development £	Investment properties £	Furniture, fittings and equipment £	Total £
Cost or valuation				
At 1st October 2016	15,442,591	17,281,892	667,634	**33,392,117**
Revaluation	-	1,310,905	-	**1,310,905**
Additions	3,712,491	16,726	50,715	**3,779,932**
At 30th September 2017	**19,155,082**	**18,609,523**	**718,349**	38,482,954
Depreciation				
At 1st October 2016	-	-	569,207	**569,207**
Charge for the year	-	-	38,307	**38,307**
At 30th September 2017	**-**	**-**	**607,514**	607,514
Net book value				
At 30th September 2017	**19,155,082**	**18,609,523**	**110,835**	37,875,440
At 30th September 2016	15,442,591	17,281,892	98,427	**32,822,910**

During the year GVA, independent valuers, revalued the majority of investment properties (96% by value) as at 30th September 2017. The revaluation above included £348,555 reversal of permanent diminution. Properties in the course of development are valued at cost.

	2017 £	2016 £
The historical cost of investment properties	**35,017,897**	31,288,455
Value of long leasehold properties included within investment properties	**4,205,000**	4,793,403
Historical cost of long leasehold properties	**2,949,880**	2,949,880

The Company received no grants during the year or the prior year.
Finance costs have been capitalised as follows:

	2017 £	2016 £
Finance costs included within additions in the year	**369,638**	121,557
Aggregate amount of finance costs capitalised at the year end	**798,491**	428,853
Rate used for capitalisation of finance costs	**3.0%**	3.1%

13. INVESTMENTS HELD AS FIXED ASSETS

	2017 £	2016 £
Shares in group undertakings and participating interests	**5,973,010**	5,771,464

Shares in group undertakings and participating interests	Joint Ventures and Associates £	Total £
Cost or valuation		
At 1st October 2016	**5,771,464**	**5,771,464**
Revaluation	**209,834**	**209,834**
Additions	**500**	**500**
Disposals	**(8,788)**	**(8,788)**
At 30th September 2017	**5,973,010**	**5,973,010**
Net book value		
At 30th September 2017	**5,973,010**	**5,973,010**
At 30th September 2016	**5,771,464**	**5,771,464**

Details of undertakings

Details of the investments in which the Company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	Proportion of voting rights and shares held	Principal Activity
Joint Ventures			
Ethical IT LLP	N/A	50%	IT solutions for organisations
Social Justice and Human Rights Centre Limited	Ordinary	41.93%	Letting and management of property
Associates			
Ethical Property Europe	Ordinary	33%	Letting and management of property
Ethical Property Australia	Ordinary	48.78%	Letting and management of property

The profit for the financial period of Ethical IT LLP was £63,503 and the aggregate amount of capital and reserves at the end of the period was £436,002.

Social Justice and Human Rights Centre Limited loan of £800,000 (2016: £800,000) was converted to equity on 31st March 2017 which resulted in an increase in proportion of shares held from 40.7% to 41.93%. The profit for the financial period was £443,271 and reserves at the end of the period was £9,792,872.

The profit for the financial period ending 30th September 2016 of Ethical Property Europe was £263,675 and the aggregate amount of capital and reserves at the end of the period was £7,156,766.

The financial period end of Ethical Property Australia is 30 June. The loss for the financial period of Ethical Property Australia was £94,319 and the aggregate amount of capital and reserves at the end of the period was £61,943.

14. NON CURRENT ASSETS

	2017 £	2016 £
Debtor due within two years relating to the sale of property	-	16,000,000
Prepaid expenses on loan facility to May 2019	-	35,394
Prepaid expenses on loan facility to May 2041	-	72,298
		16,107,692

All non current assets in 2016 became receivable in less than one year in 2017.

15. DEBTORS

	2017 £	2016 £
Trade debtors	**112,745**	109,651
Other tax and social security	**19,213**	1,826
Other debtors	**16,086,053**	76,615
Prepayments and accrued income	**937,715**	422,266
	17,155,726	610,358

£11 million of the amount, shown under other debtors was received on 10th November 2017. Included within other debtors is a £50,000 loan to Brighton Open Market CIC. Interest is payable monthly in arrears at a rate of 7% above the Bank of England base rate.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Trade creditors	**746,785**	475,251
Corporation tax	**15,388**	2,315,931
Other tax and social security	**40,415**	41,846
Other creditors	**1,785,262**	1,663,976
Deferred Income	**16,212**	67,131
	2,604,062	4,564,135

Deferred income:

Brought forward at 1st October 2016	67,131
Received during the year	16,271
Release of deferred income in the year	(67,190)
Carried forward at 30th September 2017	16,212

On 1st May 2015 Bristol City Council transferred St Pauls Learning Centre to the company on a 15 year lease. They also provided a grant of £165,335 towards operating costs over the first three years. This has been fully spent in the year ending 30th September 2017.

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

	2017 £	2016 £
Bank loans	**14,663,259**	8,132,066
Other creditors	**107,391**	784,988
	14,770,650	8,917,054
Amounts payable falling due after five years and repayable by instalments	**7,051,427**	7,332,647
Amounts payable falling due after five years and not repayable by instalments	-	-

The bank loans to the Company are secured by a charge over certain properties of the Company. The Company has a loan agreement with Triodos Bank NV. An updated loan agreement was entered into on 16th May 2016. The loans were taken out to finance the purchase of property.

The rates of interest applicable on the loans as at the year end are as follows

Revolving credit agreement	2.5% above Bank of England base rate subject to a minimum rate of 3.0%
Sterling fixed loan	2.5% above Bank of England base rate subject to a minimum rate of 3.0%
Euro denominated loan	2.5% above Bank of England base rate subject to a minimum rate of 3.0%

18. DEFERRED TAXATION

Deferred tax provided and unprovided for in the financial statements is set out below:
Unprovided deferred tax would crystallise on the sale of assets at their balance sheet value

	2017 £	2016 £
Provided for:		
Unrealised capital gains	**-**	-
Unprovided for:		
Asset in respect of unrealised capital losses	**1,127,478**	1,047,914
Liability in respect of unrealised capital gains	**(499,596)**	(413,322)
Net unprovided asset	**627,882**	634,592

19. SHARE CAPITAL

Allotted, called up and fully paid shares	No.	£
Ordinary shares of £0.50 each		
At 1st October 2016	**14,910,708**	7,455,354
At 30th September 2017	**14,910,708**	7,455,354

20. DIVIDENDS

	2017	2016
Prior year final dividends paid	**208,750**	289,407
Interim dividend declared	**-**	149,107
Dividends	**208,750**	438,514

During the year dividends totalling £8,817 (2016: £20,313) were waived.

In February 2017 the Directors declared a final dividend of 1.4 pence per share (2016: 2.2 pence per share) which was paid in April 2017 and included in these financial statements, bringing the total dividend paid for the year to 30th September 2016 to 2.4 pence per share.

In September 2016 the Directors declared an interim dividend of 1 pence per share which was paid in October 2016.

In December 2017 the Directors recommended a dividend of 2.6 pence per share to be paid in 2018.

21. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share is based on earnings as calculated below and on 14,910,708 (2016: 14,525,776) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

	2017 £	2016 £
Profit on ordinary activities before property disposals, exceptional items and taxation	**706,161**	483,534
less: corporation tax	**(98,321)**	(60,572)
Profit after tax on ordinary activities excluding property disposals and exceptional items	**607,840**	422,962

The calculations of basic and diluted earnings per share after accounting for property disposals, exceptional items and taxation is based on profits of £579,851 (2016: £19,645,254) and on 14,910,708 (2016: 14,525,776) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

In the opinion of the Directors the earnings per share excluding property disposals and exceptional items is a more suitable measure of the underlying performance of the Company.

22. RESERVES

	Share premium account £	Capital redemption reserve £	Revaluation reserve £	Dividend waiver reserve £	Profit and loss account £	Total £
At 1st October 2016	2,864,895	530,947	4,668,534	21,933	26,927,677	**35,013,986**
Profit for the year	-	-	-	-	579,851	**579,851**
Dividends	-	-	-	-	(208,750)	**(208,750)**
Revaluation of investments	-	-	209,834	-	-	**209,834**
Surplus on property revaluation	-	-	962,349	-	-	**962,349**
Foreign currency translation gains	-	-	-	-	(34,649)	**(34,649)**
Other reserve movements	-	-	-	(7,371)	7,371	**-**
Dividends waived	-	-	-	8,817	-	**8,817**
At 30th September 2017	**2,864,895**	**530,947**	**5,840,717**	**23,379**	**27,271,500**	**36,531,438**

23. PENSION SCHEMES

Defined contribution pension scheme

The Company operates two defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the Company to the schemes and amounted to £100,578 (2016 - £83,726).

Contributions totalling £14,808 (2016: £3,693) were payable to the fund at the balance sheet date and are included in other creditors.

24. COMMITMENTS

Operating lease commitments

As at 30th September 2017 the Company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2017 £	2016 £
Within one year	**784,330**	569,439
Within two and five years	**10,081**	17,320
	794,411	586,759

Lease payments are recognised as an expense. Last year, the Company entered into a sale and lease back arrangement for a property which has a further seven month unexpired period.

25. CAPITAL COMMITMENTS

In the year ended 30th September 2017, the Company entered into a commitment to buy a building in the year ending 30th September 2018. There is a commitment of £2.4 million of which £2.2 million is yet to be paid.

As at 30th September 2017, work on assets under construction was committed by letters of intent which totalled £1,140,000. Payments of £1,080,000 were outstanding as at 30th September 2017.

26. ANALYSIS OF NET DEBT

	As at 1st October 2016	Cash flow	Exchange movement	As at 30th September 2017
Cash at bank and in hand	638,105	(280,777)	-	**357,328**
Net debt due after more than one year	(8,132,066)	(6,495,000)	(36,193)	**(14,663,259)**
Net debt	**(7,493,961)**	**(6,775,777)**	**(36,193)**	**(14,305,931)**

27. RELATED PARTY TRANSACTIONS

During the year the Company made the following related party transactions:

Ethical IT LLP

(Joint venture (50/50) Limited Liability Partnership with Joint Application Development Enterprises Limited)

During the year, the Company received purchase invoices from Ethical IT LLP amounting to £135,166 plus VAT (2016: £210,137 plus VAT) for IT services. The Company raised invoices to Ethical IT LLP during the year amounting to £25,900 plus VAT (2016: £25,900 plus VAT) for management fees and £39,985 plus VAT (2016: £22,292 plus VAT) for rent and related services. The amount owed by The Ethical Property Company Limited to Ethical IT LLP at the end of the year was £21,791 (2016: £46,787). The transactions were carried out in the normal course of business. At the balance sheet date the amount due from Ethical IT LLP was £5,250 (2016: £5,040).

Social Justice and Human Rights Centre Limited

(Joint venture with Trust for London, Joseph Rowntree Charitable Trust, The Barrow Cadbury Trust and Lankelly Chase Foundation).

The Ethical Property Company manages the company and all its transactions, including payment of management fees. At the year end the Company's investment in the share capital of Social Justice and Human Rights Centre Limited was £4,105,813 (2016: £3,139,495). During the year, the balance of the loan made to Social Justice and Human Rights Centre Limited was converted to equity in full (2016: £800,000); interest of £24,932 (2016: £50,000) was received in respect of the loan. At the balance sheet date the amount due from Social Justice and Human Rights Centre Limited was £32,183 (2016: £30,062). Also during the year, The Ethical Property Company Limited purchased services totalling £3,257 (2016: £4,531) plus VAT. All transactions were carried out in the normal course of business.

28. CONTROL

There was no overall controlling shareholder.

LOCATIONS OF OUR SITES

Edinburgh
- Thorn House

Manchester
- Green Fish Resource Centre

Sheffield
- Scotia Works

Cardiff
- Hastings House

Managed Centre:
- Cardiff Quaker Meeting House

London
- Development House
- The Green House (under construction)
- Durham Road Resource Centre
- The Grayston Centre

Managed Centres:
- Resource for London
- The Foundry

Bristol
- Brunswick Court
- Colston Street Centre
- Picton Street Centre
- St Pauls Learning Centre
- Streamline (contract pending)

Managed Centres:
- The Unitarian Chapel
- St Michael's Parish Hall

Bath
- Green Park Station

Managed Centre:
- Bath Quaker Meeting House

Oxford
- The Old Music Hall

Brighton
- Brighton Eco-centre
- Brighton Junction
- Brighton Open Market Studios

NOTES

The Ethical Property Company Limited
The Old Music Hall
106–108 Cowley Road
Oxford
OX4 1JE

+44 (0)1865 207810
info@ethicalproperty.co.uk
www.ethicalproperty.co.uk

Appropriate
FSC logo
to be added

Created by Hunts.co.uk