

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

FOR

ESTATEWAYS PLC

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FOR THE YEAR ENDED 31 DECEMBER 2014

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ESTATEWAYS PLC

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014

DIRECTORS:

D R Beechey F.C.A.
J G Watkins C.M.L.I. P.P.L.I.
R G O Watkins
S L Chilman B.Sc.(Hons)

SECRETARY:

R O Walters AssocRICS, FNAEA

REGISTERED OFFICE:

Dynevor House
5-6 De La Beche Street
Swansea
SA1 3HA

REGISTERED NUMBER:

00202450 (England and Wales)

AUDITORS:

John F Harvey Ltd, Statutory Auditor
Dynevor House
5 - 6 De La Beche Street
Swansea
SA1 3HA

PROPERTY VALUERS:

Dawsons
11 Walter Road
Swansea
SA1 5NF

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

REVIEW OF BUSINESS

DEVELOPMENT, FINANCIAL PERFORMANCE AND FINANCIAL POSITION:

The company has had another satisfactory year.

The company's turnover has improved slightly through higher occupancy and rent reviews. The company's profitability has also increased for the year. This increase has arisen primarily as a result of lower expenditure on property refurbishment and repair and a reduction in the required provision for the retired director's pensions.

The company's portfolio of investment properties was revalued as usual at the year end. This resulted in a decreased portfolio valuation of almost £155,000 which is largely due to the redevelopment of Park Buildings. The other property valuation movements reflect changes due to recent market conditions.

	2014 £	2013 £
Turnover	<u>2,336,845</u>	<u>2,231,607</u>
Profit / (Loss) before taxation	765,400	284,521
Taxation	<u>(98,434)</u>	<u>(72,640)</u>
Profit / (Loss) after taxation	<u>666,966</u>	<u>211,881</u>
Net assets / Shareholders funds	<u>19,934,476</u>	<u>20,454,073</u>

FINANCIAL KEY PERFORMANCE INDICATORS:	2014	2013
Net profit margin (before tax)	32.7%	12.7%
Return on capital employed (after tax)	3.3%	1.0%
Earnings per share (per 10p ordinary share)	22.6p	7.2p

The company believes that adequate funds are being generated by the company's operations to meet its ongoing obligations.

ESTATEWAYS PLC
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

PRINCIPAL RISKS AND UNCERTAINTIES

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company uses various financial instruments including bank loans and overdrafts, cash, equity investments, and trade debtors that arise directly from its operations. The main purposes of these financial instruments is to raise finance for the company's operations, to provide earnings for the company's shareholders and to ensure adequate funds are held to enable the company to meet its obligations. This is achieved by regularly monitoring the bank facilities available and regular cashflow forecasts and comparisons with actual performance.

The existence of these financial instruments exposes the company to a number of financial risks which are described in more detail below. The main risks arising from the company's financial instruments are cash flow interest rate risk, credit risk, and liquidity risk. The directors review and agree policies for managing each of these risks and these policies are summarised below.

INTEREST RATE RISK

The company finances its operations through a mixture of retained profits and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

CREDIT RISK

The company's principal financial assets are trade debtors from which the principal credit risk arises.

In order to manage credit risk the company's managing agents have been instructed by the directors to only accept tenants based upon a combination of payment history and third party references. The debt age and collection history is reviewed by the directors regularly.

LIQUIDITY RISK

The company seeks to manage this financial risk by ensuring sufficient liquidity is available to meet the company's obligations as they fall due, and to invest any surplus cash both safely and profitably. Short term flexibility is achieved by overdraft facilities, longer term borrowing by utilising bank loans.

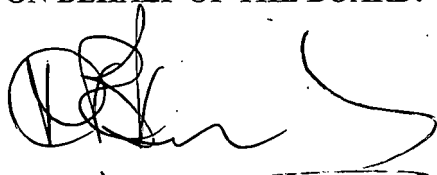
FUTURE DEVELOPMENTS

The company continues to actively seek to further enhance its investment property portfolio. The directors do not anticipate any significant changes in the company's operations during the coming year.

FIXED ASSETS

The company's fixed asset properties and investment properties were revalued on 31 December 2014. There have been no acquisitions or disposals of such properties during the year, with all capital expenditure relating to the redevelopment of existing investment properties.

ON BEHALF OF THE BOARD:



D R Beechey F.C.A. - Director

29 April 2015

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of property development and investment. There has been no significant change in these activities during the year.

DIVIDENDS

Interim dividends per share were paid as follows:

Ordinary 10p shares	6.8p	- 30 June 2014
	6.8p	- 31 December 2014
	<hr/>	
	13.6p	
	<hr/>	

4% Cumulative Preference £1 shares	2.0p	- 30 June 2014
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5% Cumulative Preference £1 shares	2.5p	- 30 June 2014
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The directors recommend final dividends per share as follows:

Ordinary 10p shares	NIL
4% Cumulative Preference £1 shares	2.0p
5% Cumulative Preference £1 shares	2.5p

The total distribution of dividends for the year ended 31 December 2014 will be £401,969.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

D R Beechey F.C.A.
J G Watkins C.M.L.I. P.P.L.I.
R G O Watkins
S L Chilman B.Sc.(Hons)

Other changes in directors holding office are as follows:

A P Oliver-Watkins B.Sc. ceased to be a director after 31 December 2014 but prior to the date of this report.

ESTATEWAYS PLC

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31 DECEMBER 2014**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company 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.

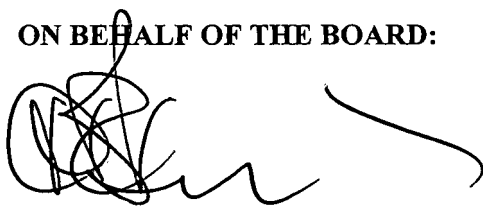
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, John F Harvey (Statutory Auditors), will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



D R Beechey F.C.A. - Director

29 April 2015

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ESTATEWAYS PLC

We have audited the financial statements of Estateways Plc for the year ended 31 December 2014 on pages eight to twenty eight. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page five, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ESTATEWAYS PLC

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.



John Husband FCA (Senior Statutory Auditor)
for and on behalf of John F Harvey Ltd, Statutory Auditor
Dynevor House
5 - 6 De La Beche Street
Swansea
SA1 3HA

19 May 2015

ESTATEWAYS PLC (REGISTERED NUMBER: 00202450)

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
TURNOVER	2	2,336,845	2,231,607
Cost of sales		1,321,154	1,469,872
GROSS PROFIT		1,015,691	761,735
Administrative expenses		292,388	275,008
OPERATING PROFIT	4	723,303	486,727
Income from fixed asset investments		3,455	3,455
Interest receivable and similar income	5	235	21,713
Other finance income	21	122,412	-
		126,102	25,168
		849,405	511,895
Interest payable and similar charges	6	84,005	48,430
Other finance costs	21	-	178,944
		84,005	227,374
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		765,400	284,521
Tax on profit on ordinary activities	7	98,434	72,640
PROFIT FOR THE FINANCIAL YEAR		666,966	211,881

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 £	2013 £
PROFIT FOR THE FINANCIAL YEAR	666,966	211,881
Unrealised surplus / (deficit) on revaluation of fixed asset investments	(784,594)	1,779,742
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>(117,628)</u>	<u>1,991,623</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis is not material.

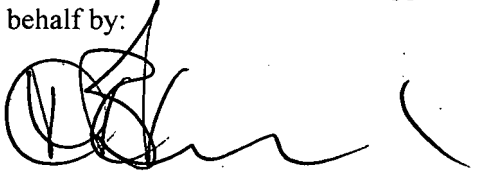
BALANCE SHEET
31 DECEMBER 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Tangible assets	10	520,315	520,611
Investments	11	23,183,000	23,338,000
		<u>23,703,315</u>	<u>23,858,611</u>
CURRENT ASSETS			
Stocks	12	29,991	31,798
Debtors	13	523,763	601,374
Cash at bank and in hand		13,741	10,146
		<u>567,495</u>	<u>643,318</u>
CREDITORS			
Amounts falling due within one year	14	1,550,748	1,697,951
NET CURRENT LIABILITIES			
		<u>(983,253)</u>	<u>(1,054,633)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		22,720,062	22,803,978
CREDITORS			
Amounts falling due after more than one year	15	(1,502,500)	(750,000)
PROVISIONS FOR LIABILITIES			
	18	(1,283,086)	(1,599,905)
NET ASSETS			
		<u>19,934,476</u>	<u>20,454,073</u>
CAPITAL AND RESERVES			
Called up share capital	19	376,391	376,391
Revaluation reserve	20	451,018	451,018
Capital redemption reserve	20	13,082	13,082
Investment revaluation reserve	20	13,172,234	13,956,828
Profit and loss account	20	5,921,751	5,656,754
SHAREHOLDERS' FUNDS			
	26	<u>19,934,476</u>	<u>20,454,073</u>


The notes form part of these financial statements

BALANCE SHEET - continued
31 DECEMBER 2014

The financial statements were approved by the Board of Directors on 29 April 2015 and were signed on its behalf by:



D R Beechey F.C.A. - Director



J G Watkins C.M.L.I. P.P.L.I. - Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Net cash inflow from operating activities	1	692,385	324,989
Returns on investments and servicing of finance	2	(80,315)	(23,262)
Taxation		7,454	169,472
Capital expenditure and financial investment	2	(629,594)	(200,259)
Equity dividends paid		(401,969)	(404,587)
		(412,039)	(133,647)
Financing	2	752,500	(307,617)
Increase/(decrease) in cash in the period		<u>340,461</u>	<u>(441,264)</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase/(decrease) in cash in the period		340,461	(441,264)
Cash (inflow)/outflow from (increase)/decrease in debt		<u>(752,500)</u>	<u>307,618</u>
Change in net debt resulting from cash flows		<u>(412,039)</u>	<u>(133,646)</u>
Movement in net debt in the period		<u>(412,039)</u>	<u>(133,646)</u>
Net debt at 1 January		<u>(1,930,274)</u>	<u>(1,796,628)</u>
Net debt at 31 December		<u><u>(2,342,313)</u></u>	<u><u>(1,930,274)</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Operating profit	723,303	486,727
Depreciation charges	296	2,985
Retired directors pensions paid	(194,407)	(201,981)
Decrease in stocks	1,807	2,048
Increase in debtors	(1,689)	(21,967)
Increase in creditors	163,075	57,177
Net cash inflow from operating activities	692,385	324,989

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2014	2013
	£	£
Returns on investments and servicing of finance		
Interest received	235	21,713
Interest paid	(84,005)	(48,430)
Dividends received	3,455	3,455
Net cash outflow for returns on investments and servicing of finance	(80,315)	(23,262)
Capital expenditure and financial investment		
Purchase of fixed asset investments	(629,594)	(200,259)
Net cash outflow for capital expenditure and financial investment	(629,594)	(200,259)
Financing		
New loans in year	752,500	-
Loan repayments in year	-	(307,617)
Net cash inflow/(outflow) from financing	752,500	(307,617)

The notes form part of these financial statements.

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.14 £	Cash flow £	At 31.12.14 £
Net cash:			
Cash at bank and in hand	10,146	3,595	13,741
Bank overdrafts	(1,190,420)	336,866	(853,554)
	<u>(1,180,274)</u>	<u>340,461</u>	<u>(839,813)</u>
Debt:			
Debts falling due after one year	(750,000)	(752,500)	(1,502,500)
	<u>(750,000)</u>	<u>(752,500)</u>	<u>(1,502,500)</u>
Total	<u>(1,930,274)</u>	<u>(412,039)</u>	<u>(2,342,313)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards.

They have been prepared in accordance with all applicable accounting standards. The financial statements are in compliance with the Companies Act 2006 except that, as explained below, both investment properties and non investment properties are not depreciated.

Turnover

Turnover represents repairs and maintenance work, disposal of properties, car park income and income from rents, ground rents and service charges. This excludes VAT where applicable.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant, Machinery and Vehicles - 25% on cost and 15% on cost

Land and buildings, excluding investment properties, are revalued annually and the aggregate surplus or deficit is transferred to the Revaluation Reserve.

As these non investment properties are revalued annually, they are not depreciated but are instead carried in the balance sheet at their year end valuation. The directors consider that this policy results in the accounts giving a true and fair view.

This is a departure from the requirements of the Companies Act 2006 which requires all properties to be depreciated. The directors consider that to depreciate them would not give a true and fair view.

On disposal of a non investment property, any revaluation adjustment previously taken to the Revaluation Reserve for the property is transferred to the Profit and Loss Reserve. The gain or loss reported in the Profit and Loss Account for the year is the difference between the disposed properties net proceeds and their carrying values.

Stocks

Stocks consist of ground rents held for resale and are valued at the lower of cost and net realisable value.

Deferred tax

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date.

A deferred tax asset is recognised in respect of the anticipated future taxation relief upon the provision for future pension obligations when they reverse. This deferred tax asset is included within debtors in the Balance Sheet.

No provision is made for the deferred tax upon the transfers to and from the Revaluation Reserve or the Investment Revaluation Reserve, since gains and losses are only recognised for taxation purposes upon the disposal of the revalued assets where there is an agreement to dispose of the property.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES - continued

Rental deposits and bonds

With the exception of one tenant at the London property, all rental deposits and bonds are collected and held in trust by the company's managing agents on behalf of the company. In respect of the one tenant at the London property, the deposit is held by Estateways Plc in a separate interest bearing account. The deposits and bonds held by both the company and its managing agents are not recognised as income of the company. The deposits and bonds held by the managing agents are not recognised as both assets and liabilities in the Balance Sheet, whilst the deposit held by Estateways Plc is recognised as both an asset and a liability.

Pension costs and other post-retirement benefits

The company's policy is to make full provision for this liability each year.

The required provision is calculated annually using an external actuarial valuation at the year end and the company's average internal rate of return for the previous three years.

The directors believe that FRS 17 does not apply directly to the company's pension liability as the pensions are being funded from the existing retained profits of the company and no separate assets of the pension fund exist.

The movement in the provision for future pensions is recognised in the Profit and Loss account for the year as other finance costs.

Details of the underlying assumptions and further information are included in notes 18 and 21 to the accounts.

Fixed asset investments

It is considered that all the land and buildings under this heading are "investment properties" within the terms of Statement of Standard Accounting Practice No.19 ('Accounting for Investment Properties').

In accordance with S.S.A.P 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to the Investments Revaluation Reserve.

As investment properties are revalued annually, they are not depreciated and are included in the balance sheet at their year end valuation. The directors consider that this policy results in the accounts giving a true and fair view.

This is a departure from the requirements of the Companies Act 2006 which requires all properties to be depreciated. Such properties are not held for consumption but for investment and the directors consider that to depreciate them would not give a true and fair view.

On disposal of an investment property, any revaluation adjustment previously taken to the Investments Revaluation Reserve for the property is transferred to the Profit and Loss Reserve. The gain or loss reported in the Profit and Loss Account for the year is the difference between the disposed properties net proceeds and their carrying values.

Exemption from preparing group accounts

The company is exempt from preparing group accounts under S.399(1) and S.402 of the Companies Act 2006 as the group is a small group and also the subsidiary is immaterial (note 27).

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

2. TURNOVER

	Turnover		Profit on Ordinary Activities before Taxation	
	2014	2013	2014	2013
	£	£	£	£
Maintenance work, car park income and disposal of ground rents	158,751	117,205	51,997	15,577
Rents receivable	2,178,094	2,114,402	713,403	282,855
	<u>2,336,845</u>	<u>2,231,607</u>	<u>765,400</u>	<u>298,432</u>

3. STAFF COSTS

	2014	2013
	£	£
Wages and salaries	237,623	220,881
Social security costs	4,873	5,490
	<u>242,496</u>	<u>226,371</u>

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

	2014	2013
Management and Administration	9	9
Repairs and Maintenance	5	5
	<u>14</u>	<u>14</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2014	2013
	£	£
Depreciation - owned assets	296	2,985
Auditor's remuneration	24,500	11,550
Non audit services (note 9)	15,630	17,310
	<u>40,426</u>	<u>31,845</u>
Directors' remuneration	<u>83,879</u>	<u>78,259</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£	£
Bank interest receivable	4	20
Interest received on corporation tax refund	231	21,693
	<u>235</u>	<u>21,713</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
Overdraft interest	26,118	21,494
Bank loan interest	57,028	26,935
Interest payable on corporation tax	859	1
	<u>84,005</u>	<u>48,430</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2014	2013
	£	£
Current tax:		
UK corporation tax	57,645	30,923
Prior period tax adjustment	(70,048)	9,492
Total current tax	<u>(12,403)</u>	<u>40,415</u>
Deferred tax:		
Origination and reversal of timing differences	107,180	6,085
Changes in tax rates and laws	3,657	26,140
Total deferred tax	<u>110,837</u>	<u>32,225</u>
Tax on profit on ordinary activities	<u>98,434</u>	<u>72,640</u>

UK corporation tax has been charged at 20%.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**7. TAXATION - continued****Factors affecting the tax charge**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	<u>765,400</u>	<u>284,521</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2013 - 20%)	153,080	56,904
Effects of:		
Business premises renovation allowance claimed	(16,643)	-
Capital allowances claimed	(16,757)	(22,670)
Disallowed expenditure and non taxable income	1,328	1,298
Pensions paid in year	(38,881)	(40,397)
Decrease)/ Increase in provision for retired directors pensions relief	(24,482)	35,788
Underprovision of liability in prior years accounts	-	9,492
Overprovision of liability in prior years accounts	(70,048)	-
Current tax charge	<u>(12,403)</u>	<u>40,415</u>

8. DIVIDENDS

	2014 £	2013 £
Ordinary shares of 10p each		
Interim	398,554	401,109
4% Cumulative Preference shares of £1 each		
Final	1,172	1,189
Interim	1,189	1,189
5% Cumulative Preference shares of £1 each		
Final	504	550
Interim	550	550
	<u>401,969</u>	<u>404,587</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

9. AUDITORS REMUNERATION

	2014 £	2013 £
Fees payable to the company's auditor for the audit of the annual accounts	<u>24,500</u>	<u>11,550</u>
Fees payable to the company's auditor for other services:		
Tax services	12,330	5,060
All other services	<u>3,300</u>	<u>12,270</u>
	<u>15,630</u>	<u>17,310</u>

10. TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant, Machinery and Vehicles £	Totals £
COST OR VALUATION			
At 1 January 2014 and 31 December 2014	<u>520,000</u>	<u>49,364</u>	<u>569,364</u>
DEPRECIATION			
At 1 January 2014	-	48,753	48,753
Charge for year	<u>-</u>	<u>296</u>	<u>296</u>
At 31 December 2014	<u>-</u>	<u>49,049</u>	<u>49,049</u>
NET BOOK VALUE			
At 31 December 2014	<u>520,000</u>	<u>315</u>	<u>520,315</u>
At 31 December 2013	<u>520,000</u>	<u>611</u>	<u>520,611</u>

Land and buildings comprises Freehold Property valued on 31 December 2014 on an open market basis. The properties were valued by Dawsons, Chartered Surveyors at £520,000 on the basis recorded in Note 11. The figures reported represent the aggregate value of the properties valued on an individual basis.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

10. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 31 December 2014 is represented by:

	Land and Buildings £	Plant, Machinery and Vehicles £	Totals £
Valuation in 2014	451,018	-	451,018
Cost	68,982	49,364	118,346
	<u>520,000</u>	<u>49,364</u>	<u>569,364</u>

If Freehold Land and Buildings had not been revalued they would have been included at the following historical cost:

	2014 £	2013 £
Cost	<u>68,982</u>	<u>68,982</u>

11. FIXED ASSET INVESTMENTS

	Investment properties £
COST OR VALUATION	
At 1 January 2014	23,338,000
Additions	629,594
Revaluations	(784,594)
At 31 December 2014	<u>23,183,000</u>
NET BOOK VALUE	
At 31 December 2014	<u>23,183,000</u>
At 31 December 2013	<u>23,338,000</u>

Cost or valuation at 31 December 2014 is represented by:

	Investment properties £
Valuation in 2014	13,172,234
Cost	10,010,766
	<u>23,183,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

11. FIXED ASSET INVESTMENTS - continued

If the Investment Properties had not been revalued they would have been included at the following historical cost:

	2014 £	2013 £
Cost	<u>10,010,766</u>	<u>9,381,172</u>

The London Property was valued on a market value basis on 31 December 2014 by the directors.

The portfolio of UK freehold and leasehold interests categorised as "Investment Properties" , excluding the London property, were valued by external valuers, Dawsons, Chartered Surveyors, as at 31 December 2014, on the basis of market value and in accordance with the RICS Appraisal and Valuation Standards and the instructions of the directors.

The figures reported represent the aggregate value of the properties valued on an individual basis.

Dawsons have undertaken this valuation for inclusion in the company's balance sheet. The directors have considered whether a conflict of interest arises since the company also acts as managing agent for the company's portfolio of residential and commercial properties.

For the purposes of the valuation, the valuers have relied upon information available to them by virtue of its management of the properties in accordance with the terms of the management agreement. The directors of Estateways Plc have been requested to disclose any material matters to which the valuers may be unaware.

12. STOCKS

	2014 £	2013 £
Ground rents	<u>29,991</u>	<u>31,798</u>

The replacement value of the ground rents is considered to be in the order of £250,000.

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £	2013 £
Trade debtors	384,198	396,065
Other debtors	18,529	14,213
Taxation	31,537	-
Deferred tax asset	73,146	183,983
Prepayments	16,353	7,113
	<u>523,763</u>	<u>601,374</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Deferred tax asset	2014	2013
	£	£
Deferred tax on accelerated capital allowances	(183,471)	(151,997)
Deferred tax on future pension obligations	256,617	335,980
	<u>73,146</u>	<u>183,983</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Bank loans and overdrafts (see note 16)	853,554	1,190,420
Taxation	57,631	31,043
Social security and other taxes	9,299	15,496
VAT	8,112	8,208
Other creditors	25,420	82,886
Accrued expenses	32,615	74,051
Deferred income	564,117	295,847
	<u>1,550,748</u>	<u>1,697,951</u>

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

	2014	2013
	£	£
Bank loans (see note 16)	<u>1,502,500</u>	<u>750,000</u>

The first bank loan is an interest only loan with a five year term, with the capital repayable in full at the end of the term on 20 December 2017.

The second bank loan is also an interest only loan with a three year term, with the capital repayable in full at the end of the term on 20 December 2017.

Both loans are at an interest rate of 3% over the LIBOR rate. At 31 December 2014, this equated to a rate of 3.453%. (3.463% as at 31 December 2013).

16. LOANS

An analysis of the maturity of loans is given below:

	2014	2013
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>853,554</u>	<u>1,190,420</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

16. LOANS - continued

	2014 £	2013 £
Amounts falling due between two and five years:		
Bank loans - 2-5 years	1,502,500	750,000

17. SECURED DEBTS

The following secured debts are included within creditors:

	2014 £	2013 £
Bank overdrafts	853,554	1,190,420
Bank loans	1,502,500	750,000
	<u>2,356,054</u>	<u>1,940,420</u>

The bank loans and overdrafts are secured on five of the company's properties.

18. PROVISIONS FOR LIABILITIES

	2014 £	2013 £
Other provisions		
Future pension obligations	1,283,086	1,599,905
	<u>1,283,086</u>	<u>1,599,905</u>
	Deferred tax £	Future Pensions £
Balance at 1 January 2014	(183,983)	1,599,905
Accelerated capital allowances	40,648	-
Pensions paid in year	40,825	(194,406)
Annual revaluation of pension liabilities	25,707	(122,413)
Change in rate of tax	3,657	-
Balance at 31 December 2014	<u>(73,146)</u>	<u>1,283,086</u>

The main assumptions underlying the calculation of the provision for pensions are:

- Annual pension increases will be 5% (5% in 2013)
- Investment performance will be 3.490% (4.190% in 2013) based upon the return on equity capital employed in the previous three years.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014**19. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2014 £	2013 £
2,949,330	Ordinary	10p	294,933	294,933
59,460	4% Cumulative Preference	£1	59,460	59,460
21,998	5% Cumulative Preference	£1	21,998	21,998
			<u>376,391</u>	<u>376,391</u>

The two classes of preference shares carry dividends of 4% and 5% respectively, payable half yearly in arrears on 30th June and 31st December. The dividend rights are cumulative.

The preference shares carry no votes at meetings unless the dividends thereon are twelve months or more in arrears or the business of the meeting shall include the passing of an Extraordinary Resolution, or a Special Resolution the provisions of which are such as to vary the preferential right of the registered holders of the preference shares.

On a winding up of the company the preference shareholders have a right to receive, in preference to ordinary shareholders, £1 per share plus any accrued dividends.

20. RESERVES

	Profit and loss account £	Revaluation reserve £	Capital redemption reserve £	Investment revaluation reserve £	Totals £
At 1 January 2014	5,656,754	451,018	13,082	13,956,828	20,077,682
Profit for the year	666,966				666,966
Dividends	(401,969)				(401,969)
Revaluations in year	-	-	-	(784,594)	(784,594)
At 31 December 2014	<u>5,921,751</u>	<u>451,018</u>	<u>13,082</u>	<u>13,172,234</u>	<u>19,558,085</u>

No provision is made for taxation upon the transfers to and from the Revaluation Reserve or the Investment Revaluation Reserve, since gains or losses are only recognised for taxation purposes upon the disposal of the revalued assets.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

21. PENSION COMMITMENTS

During the year the company paid defined benefit pensions to three former directors. There are no further commitments accruing to the existing directors.

By 31 December 2014 a pension waiver had been received from one former director and therefore no provision has been made for any future pensions payable to that former director.

Provision has been made in the Balance Sheet for the remaining commitment, based upon actuarial calculations. As at 31 December 2014 the provision required was £1,283,086. (£1,599,905 as at 31 December 2013).

After allowing for the pensions paid by the company during the year a decrease in the provision of £122,413 was required for 2014, (£178,944 increase in 2013). These adjustments are reflected as other finance income in the Profit and Loss Account (other finance costs in 2013). The provision movements and their tax effect are detailed further in Note 18 to the accounts.

22. CAPITAL COMMITMENTS

	2014 £	2013 £
Contracted but not provided for in the financial statements	<u>1,058,721</u>	<u>-</u>

23. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

There were no transactions with directors that required disclosure during the period.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

24. RELATED PARTY DISCLOSURES

During the year the company paid ordinary dividends to its directors as follows:

	2014	2013
	£	£
D R Beechey	37,666	37,666
J G Watkins	46,211	46,211
A P Oliver Watkins	19,041	18,701
R G O Watkins	36,180	36,180
S L Chilman	30,159	30,159
	<u>169,257</u>	<u>168,917</u>

There were no outstanding amounts due in respect of these dividends at either 31 December 2014 or at 31 December 2013.

During the year the company also paid ordinary dividends to its retired directors as follows:

	2014	2013
	£	£
C M Boobyer	13,586	13,586
G N Watkins	2,554	5,109
P R V Watkins	1,496	2,176
	<u>17,636</u>	<u>20,871</u>

There were no outstanding amounts due in respect of these dividends at either 31 December 2014 or at 31 December 2013.

Mr P J Watkins.

During the year, £47,937 (£41,742 in 2013) was paid to Mr P J Watkins, brother of Mr J G Watkins, for property maintenance services. Nothing was owed to or from him at 31 December 2014 or 31 December 2013.

25. ULTIMATE CONTROLLING PARTY

There is no single controlling party.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2014

26. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£	£
Profit for the financial year	666,966	211,881
Dividends	(401,969)	(404,587)
	<hr/>	<hr/>
	264,997	(192,706)
Other recognised gains and losses relating to the year (net)	(784,594)	1,779,742
	<hr/>	<hr/>
Net (reduction)/addition to shareholders' funds	(519,597)	1,587,036
Opening shareholders' funds	20,454,073	18,867,037
	<hr/>	<hr/>
Closing shareholders' funds	19,934,476	20,454,073
	<hr/>	<hr/>

27. OVERSEAS SUBSIDIARY

The company has a French subsidiary, Estateways-Houlgate, which is a non trading nominee company.

This was used solely as an administrative device for the holding of a French property sold during 2002. The company holds 98% of the share capital of Estateways-Houlgate with the other 2% held by a nominee on behalf of the company.