

REGISTERED NUMBER: 00202450 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

FOR

ESTATEWAYS PLC

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FOR THE YEAR ENDED 31 DECEMBER 2015

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ESTATEWAYS PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2015

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 Auditors
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 2015

REVIEW OF BUSINESS

DEVELOPMENT, FINANCIAL PERFORMANCE AND FINANCIAL POSITION:

The company has had another satisfactory year.

2015 is the first year in which the company is required to report under Financial Reporting Standard 102 ("FRS 102"). The comparative results in this report have been restated. Details on the required restatement are set out on pages 28-30. The impact of the restatement is not significant since the reduction of £762,106 in the net assets of the company arises due to accounting requirements altering to include the taxation payable on properties sold where market value exceeds original cost, previously this liability was not required.

The company's turnover has improved slightly through higher occupancy and rent reviews. The company's profitability before tax and revaluations decreased in the year primarily due to an increase in the provision for the retired director's pensions, (there was a decrease in 2014) mitigated by a reduction in repair expenditure which prevented the profit from decreasing further.

	2015 £	2014 £
Turnover	<u>2,629,659</u>	<u>2,336,845</u>
Profit / (Loss) before taxation	862,487	(19,194)
Taxation	<u>(143,249)</u>	<u>(86,998)</u>
Profit / (Loss) after taxation	<u>719,238</u>	<u>(106,192)</u>
Net assets / Shareholders funds	<u>19,537,256</u>	<u>19,172,370</u>

**FINANCIAL KEY PERFORMANCE
INDICATORS:**

	2015	2014
Net profit/(loss) margin (before tax)	32.8%	(0.8%)
Return/(loss) on capital employed (after tax)	3.7%	(0.6%)
Earnings/(loss) per share (per 10p ordinary share)	24.4p	(3.6p)

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

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

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 2015. There have been no acquisitions or disposals of such properties during the year, with all capital expenditure in the year relating to the redevelopment of existing investment properties.

ON BEHALF OF THE BOARD:



.....
D R Beechey F.C.A. - Director

Date: 27 April 2016

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

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 2015
	<u>6.8p</u>	- 31 December 2015
	<u>13.6p</u>	

4% Cumulative Preference £1 shares	2.0p	- 30 June 2015
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5% Cumulative Preference £1 shares	2.5p	- 30 June 2015
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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 2015 will be £399,352.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2015 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. - resigned 27 April 2015

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2015

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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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.

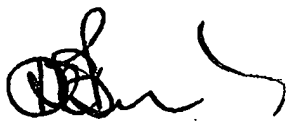
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 Ltd (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

Date: 27 April 2016

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 2015 on pages eight to thirty. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Date: 11 May 2016

STATEMENT OF PROFIT, LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015		2014	
		£	£	£	£
TURNOVER	3		2,629,659		2,336,845
Cost of sales			<u>1,088,451</u>		<u>1,321,154</u>
GROSS PROFIT			1,541,208		1,015,691
General administrative expenses		300,392		292,388	
Revaluation of investment properties		<u>141,420</u>		<u>784,594</u>	
			<u>441,812</u>		<u>1,076,982</u>
OPERATING PROFIT/(LOSS)	5		1,099,396		(61,291)
Income from fixed asset investments		3,457		3,455	
Interest receivable and similar income	6	899		235	
Decrease in pension provision	22	<u>-</u>		<u>122,412</u>	
			<u>4,356</u>		<u>126,102</u>
			1,103,752		64,811
Interest payable and similar charges	7	89,233		84,005	
Increase in pension provision	22	<u>152,032</u>		<u>-</u>	
			<u>241,265</u>		<u>84,005</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			862,487		(19,194)
Tax on profit/(loss) on ordinary activities	8		<u>143,249</u>		<u>86,998</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR			719,238		(106,192)
OTHER COMPREHENSIVE INCOME					
Revaluation of tangible assets			45,000		-
Tax relating thereto			<u>-</u>		<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX			<u>45,000</u>		<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			<u><u>764,238</u></u>		<u><u>(106,192)</u></u>

The notes form part of these financial statements

BALANCE SHEET
31 DECEMBER 2015

	Notes	2015	2014
		£	£
FIXED ASSETS			
Tangible assets	11	565,021	520,315
Investments	12	<u>24,233,000</u>	<u>23,183,000</u>
		24,798,021	23,703,315
CURRENT ASSETS			
Stocks	13	28,387	29,991
Debtors	14	449,111	450,617
Cash at bank and in hand		<u>14,225</u>	<u>13,741</u>
		491,723	494,349
CREDITORS			
Amounts falling due within one year	15	<u>1,437,493</u>	<u>1,550,748</u>
NET CURRENT LIABILITIES		<u>(945,770)</u>	<u>(1,056,399)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		23,852,251	22,646,916
CREDITORS			
Amounts falling due after more than one year	16	(2,400,000)	(1,502,500)
PROVISIONS FOR LIABILITIES	19	<u>(1,914,995)</u>	<u>(1,972,046)</u>
NET ASSETS		<u><u>19,537,256</u></u>	<u><u>19,172,370</u></u>
CAPITAL AND RESERVES			
Called up share capital	20	376,391	376,391
Revaluation reserve	21	443,860	397,255
Capital redemption reserve	21	13,082	13,082
Fair value reserve	21	12,381,124	12,463,891
Retained earnings	21	<u>6,322,799</u>	<u>5,921,751</u>
SHAREHOLDERS' FUNDS		<u><u>19,537,256</u></u>	<u><u>19,172,370</u></u>

The notes form part of these financial statements

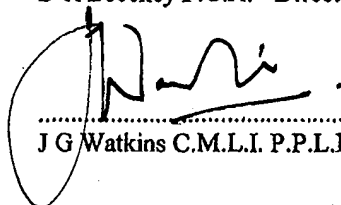
ESTATEWAYS PLC (REGISTERED NUMBER: 00202450)

BALANCE SHEET - continued
31 DECEMBER 2015

The financial statements were approved by the Board of Directors on 27 April 2016 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

The notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital £	Retained earnings £	Revaluation reserve £
Balance at 1 January 2014	376,391	5,656,754	396,455
Changes in equity			
Dividends - 2014	-	(401,969)	-
Total comprehensive income - 2014	-	666,966	800
Balance at 31 December 2014	<u>376,391</u>	<u>5,921,751</u>	<u>397,255</u>
Changes in equity			
Dividends - 2015	-	(399,352)	-
Total comprehensive income - 2015	-	800,400	46,605
Balance at 31 December 2015	<u>376,391</u>	<u>6,322,799</u>	<u>443,860</u>
	Capital redemption reserve £	Fair value reserve £	Total equity £
Balance at 1 January 2014	13,082	13,237,849	19,680,531
Changes in equity			
Dividends - 2014	-	-	(401,969)
Total comprehensive income - 2014	-	(773,958)	(106,192)
Balance at 31 December 2014	<u>13,082</u>	<u>12,463,891</u>	<u>19,172,370</u>
Changes in equity			
Dividends - 2015	-	-	(399,352)
Total comprehensive income - 2015	-	(82,767)	764,238
Balance at 31 December 2015	<u>13,082</u>	<u>12,381,124</u>	<u>19,537,256</u>

The notes form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 £	2014 £
Cash flows from operating activities			
Cash generated from operations	1	1,139,839	692,385
Interest paid		(89,233)	(84,005)
Tax paid		<u>(26,108)</u>	<u>7,454</u>
Net cash from operating activities		<u>1,024,498</u>	<u>615,834</u>
 Cash flows from investing activities			
Purchase of fixed asset investments		(1,191,420)	(629,594)
Interest received		899	235
Dividends received		<u>3,457</u>	<u>3,455</u>
Net cash from investing activities		<u>(1,187,064)</u>	<u>(625,904)</u>
 Cash flows from financing activities			
New loans in year		897,500	752,500
Equity dividends paid		<u>(399,352)</u>	<u>(401,969)</u>
Net cash from financing activities		<u>498,148</u>	<u>350,531</u>
 Increase in cash and cash equivalents		<u>335,582</u>	<u>340,461</u>
Cash and cash equivalents at beginning of year	2	<u>(839,813)</u>	<u>(1,180,274)</u>
 Cash and cash equivalents at end of year	2	<u><u>(504,231)</u></u>	<u><u>(839,813)</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

1. RECONCILIATION OF PROFIT/(LOSS) BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2015	2014
	£	£
Profit/(loss) before taxation	862,487	(19,194)
Depreciation charges	294	296
Retired directors pensions paid	(148,456)	(194,407)
Revaluation of properties	141,420	784,594
Finance costs	241,265	84,005
Finance income	<u>(4,356)</u>	<u>(126,102)</u>
	1,092,654	529,192
Decrease in stocks	1,604	1,807
Increase in trade and other debtors	(30,031)	(1,689)
Increase in trade and other creditors	<u>75,612</u>	<u>163,075</u>
Cash generated from operations	<u><u>1,139,839</u></u>	<u><u>692,385</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2015

	31.12.15	1.1.15
	£	£
Cash and cash equivalents	14,225	13,741
Bank overdrafts	<u>(518,456)</u>	<u>(853,554)</u>
	<u><u>(504,231)</u></u>	<u><u>(839,813)</u></u>

Year ended 31 December 2014

	31.12.14	1.1.14
	£	£
Cash and cash equivalents	13,741	10,146
Bank overdrafts	<u>(853,554)</u>	<u>(1,190,420)</u>
	<u><u>(839,813)</u></u>	<u><u>(1,180,274)</u></u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

1. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

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 Fair Value Reserve for the property is transferred to Retained Earnings. 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 provisions in the Balance Sheet.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

2. ACCOUNTING POLICIES - continued

Rental deposits and bonds

With the exception of one tenant, 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, where Estateways Plc act as agents and the deposit is held by the company 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 assets or 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 102 s.34 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 19 and 22 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 Financial Reporting Standard 102 section 34 ('Accounting for Investment Properties').

In accordance with FRS 102 s.34, investment properties are revalued annually and the aggregate surplus or deficit is transferred to the Fair Value 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 Fair Value Reserve for the property is transferred to Retained Earnings. 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 2015

3. TURNOVER

	Turnover		Profit on Ordinary Activities before Taxation	
	2015 £	2014 £	2015 £	2014 £
Services rendered	152,245	158,751	49,934	(1,304)
Rents receivable	<u>2,477,414</u>	<u>2,178,094</u>	<u>812,553</u>	<u>(17,890)</u>
	<u>2,629,659</u>	<u>2,336,845</u>	<u>862,487</u>	<u>(19,194)</u>

4. STAFF COSTS

	2015 £	2014 £
Wages and salaries	242,823	237,623
Social security costs	<u>5,666</u>	<u>4,873</u>
	<u>248,489</u>	<u>242,496</u>

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

	2015	2014
Management and Administration	8	9
Repairs and Maintenance	<u>5</u>	<u>5</u>
	<u>13</u>	<u>14</u>

5. OPERATING PROFIT/(LOSS)

The operating profit (2014 - operating loss) is stated after charging:

	2015 £	2014 £
Depreciation - owned assets	294	296
Auditor's remuneration	30,500	24,500
Non audit services (note 10)	<u>9,060</u>	<u>15,630</u>
	<u>87,023</u>	<u>83,879</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015	2014
	£	£
Bank interest receivable	-	4
Interest received on corporation tax refund	899	231
	<u>899</u>	<u>235</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2015	2014
	£	£
Overdraft interest	17,598	26,118
Bank loan interest	71,635	57,028
Interest payable on corporation tax	-	859
	<u>89,233</u>	<u>84,005</u>

8. TAXATION

Analysis of the tax charge

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

	2015	2014
	£	£
Current tax:		
UK corporation tax	203,876	57,645
Prior period tax adjustment	-	(70,048)
Total current tax	<u>203,876</u>	<u>(12,403)</u>
Deferred tax:		
Origination and reversal of timing differences	(60,627)	95,744
Changes in tax rates and laws	-	3,657
Total deferred tax	<u>(60,627)</u>	<u>99,401</u>
Tax on profit/(loss) on ordinary activities	<u>143,249</u>	<u>86,998</u>

UK corporation tax was charged at 20% in 2014.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

	2015 £	2014 £
Profit/(loss) on ordinary activities before tax	<u>862,487</u>	<u>(19,194)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.246% (2014 - 20%)	174,619	(3,839)
Effects of:		
Business premises renovation allowance (BPRA)	-	(86,691)
Capital allowances claimed	(606)	(16,757)
Disallowed expenditure and non taxable income	792	1,328
Pensions paid in year	(30,055)	(38,881)
Increase / (Decrease) in provision for retired directors pensions	30,781	(24,482)
Revaluations in year	28,633	156,919
Small companies marginal relief	(303)	-
Movement in deferred tax	(60,627)	99,401
Under provision in prior years accounts	15	-
	<hr/>	<hr/>
Total tax charge	<u>143,249</u>	<u>86,998</u>

Tax effects relating to effects of other comprehensive income

	2015	
	Gross	Tax
	£	£
Revaluation of tangible assets	<u>45,000</u>	<u>-</u>
	<u>45,000</u>	<u>-</u>
		<u>45,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

9. DIVIDENDS

	2015 £	2014 £
Ordinary shares of 10p each		
Interim	396,000	398,554
4% Cumulative Preference shares of £1 each		
Final	1,172	1,172
Interim	1,172	1,189
5% Cumulative Preference shares of £1 each		
Final	504	504
Interim	504	550
	<u>399,352</u>	<u>401,969</u>

10. AUDITOR'S REMUNERATION

	2015 £	2014 £
Fees payable to the company's auditor for the audit of the annual accounts	<u>30,500</u>	<u>24,500</u>
Fees payable to the company's auditor for other services:		
Tax services	9,060	12,330
All other services	-	3,300
	<u>9,060</u>	<u>15,630</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

11. TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant, Machinery and Vehicles £	Totals £
COST OR VALUATION			
At 1 January 2015	520,000	49,364	569,364
Revaluations	<u>45,000</u>	<u>-</u>	<u>45,000</u>
At 31 December 2015	<u>565,000</u>	<u>49,364</u>	<u>614,364</u>
DEPRECIATION			
At 1 January 2015	-	49,049	49,049
Charge for year	<u>-</u>	<u>294</u>	<u>294</u>
At 31 December 2015	<u>-</u>	<u>49,343</u>	<u>49,343</u>
NET BOOK VALUE			
At 31 December 2015	<u>565,000</u>	<u>21</u>	<u>565,021</u>
At 31 December 2014	<u>520,000</u>	<u>315</u>	<u>520,315</u>

Land and buildings comprises Freehold Property valued on 31 December 2015 on an open market basis. The properties were valued by Dawsons, Chartered Surveyors at £565,000 on the basis recorded in Note 12. The figures reported represent the aggregate value of the properties valued on an individual basis.

Cost or valuation at 31 December 2015 is represented by:

	Land and Buildings £	Plant, Machinery and Vehicles £	Totals £
Valuation in 2015	496,018	-	496,018
Cost	<u>68,982</u>	<u>49,364</u>	<u>118,346</u>
	<u>565,000</u>	<u>49,364</u>	<u>614,364</u>

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

	2015 £	2014 £
Cost	<u>68,982</u>	<u>68,982</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

12. FIXED ASSET INVESTMENTS

	Investment properties £
COST OR VALUATION	
At 1 January 2015	23,183,000
Additions	1,191,420
Revaluations	<u>(141,420)</u>
At 31 December 2015	<u>24,233,000</u>
NET BOOK VALUE	
At 31 December 2015	<u>24,233,000</u>
At 31 December 2014	<u>23,183,000</u>

Cost or valuation at 31 December 2015 is represented by:

	Investment properties £
Valuation in 2015	13,030,815
Cost	<u>11,202,185</u>
	<u>24,233,000</u>

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

	2015 £	2014 £
Cost	<u>11,202,185</u>	<u>10,010,766</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

12. FIXED ASSET INVESTMENTS - continued

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 2015, 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, Dawsons 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.

The London property was valued on 31 December 2015 by Marsh and Parsons on the basis of market value and in accordance with the RICS Appraisal and Valuation Standards and the instruction of the directors.

13. STOCKS

	2015	2014
	£	£
Ground rents	<u>28,387</u>	<u>29,991</u>

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

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Trade debtors	433,089	384,198
Other debtors	10,600	18,529
Taxation	-	31,537
Prepayments	<u>5,422</u>	<u>16,353</u>
	<u>449,111</u>	<u>450,617</u>

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£	£
Bank loans and overdrafts (see note 17)	518,456	853,554
Taxation	203,862	57,631
Social security and other taxes	10,217	9,299
VAT	7,960	8,112
Other creditors	44,042	25,420
Accrued expenses	123,524	32,615
Deferred income	<u>529,432</u>	<u>564,117</u>
	<u>1,437,493</u>	<u>1,550,748</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

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

	2015	2014
	£	£
Bank loans (see note 17)	<u>2,400,000</u>	<u>1,502,500</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 2015, this equated to a rate of 3.479%. (3.453% as at 31 December 2014).

17. LOANS

An analysis of the maturity of loans is given below:

	2015	2014
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>518,456</u>	<u>853,554</u>
 Amounts falling due between one and two years:		
Bank loans - 1-2 years	<u>2,400,000</u>	<u>-</u>
 Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>-</u>	<u>1,502,500</u>

18. SECURED DEBTS

The following secured debts are included within creditors:

	2015	2014
	£	£
Bank overdrafts	518,456	853,554
Bank loans	<u>2,400,000</u>	<u>1,502,500</u>
	<u>2,918,456</u>	<u>2,356,054</u>

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

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

19. PROVISIONS FOR LIABILITIES

	2015 £	2014 £
Deferred tax		
Deferred tax on accelerated capital allowances	885,665	945,577
Deferred tax on future pension obligations	(257,332)	(256,617)
	<u>628,333</u>	<u>688,960</u>
Other provisions		
Future pension obligations	<u>1,286,662</u>	<u>1,283,086</u>
Aggregate amounts	<u>1,914,995</u>	<u>1,972,046</u>
	Deferred tax £	Future Pensions £
Balance at 1 January 2015	688,960	1,283,086
Accelerated capital allowances	(59,912)	-
Pensions paid in year	29,691	(148,456)
Annual revaluation of pension liabilities	<u>(30,406)</u>	<u>152,032</u>
Balance at 31 December 2015	<u>628,333</u>	<u>1,286,662</u>

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

- Annual pension increases will be 5% (5% in 2014)
- Investment performance will be 2.931% (3.490% in 2014) based upon the return on equity capital employed in the previous three years.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2015	2014
Number:	Class:		£	£
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	<u>21,998</u>	<u>21,998</u>
			<u>376,391</u>	<u>376,391</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

20. CALLED UP SHARE CAPITAL - continued

The two classes of preference shares carry dividends of 4% and 5% respectively, payable half yearly in arrears on 30 June and 31 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.

21. RESERVES

	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Fair value reserve £	Totals £
At 1 January 2015	5,921,751	397,255	13,082	12,463,891	18,795,979
Profit for the year	719,238				719,238
Dividends	(399,352)				(399,352)
Deferred tax movement	-	1,605	-	58,653	60,258
Revaluations in year	-	45,000	-	(141,420)	(96,420)
Transfer to fair value reserve	82,767	-	-	-	82,767
Transfer to rev'n reserve	(1,605)	-	-	-	(1,605)
At 31 December 2015	<u>6,322,799</u>	<u>443,860</u>	<u>13,082</u>	<u>12,381,124</u>	<u>19,160,865</u>

22. PENSION COMMITMENTS

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

By 31 December 2014 a revocable pension waiver had been received from one former director. 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 2015 the provision required was £1,286,662 (£1,283,086 as at 31 December 2014).

After allowing for the pensions paid by the company during the year an increase in the provision of £152,032 was required for 2015, (£122,412 decrease in 2014). These adjustments are reflected as Increase in pension provision in the Statement of Profit, Loss and Other Comprehensive Income (Decrease in pension provision in 2014). The provision movements and their tax effect are detailed further in Note 19 to the accounts.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

23. CAPITAL COMMITMENTS

	2015 £	2014 £
Contracted but not provided for in the financial statements	<u>-</u>	<u>1,058,721</u>

24. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

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

25. RELATED PARTY DISCLOSURES

During the year the company paid ordinary dividends of £149,536 (2014: £169,257) to its directors.

A P Oliver-Watkins resigned as a company director on 27 April 2015. No dividends were paid to A P Oliver-Watkins during the period up to his resignation.

There were no outstanding amounts due in respect of these dividends at either 31 December 2015 or at 31 December 2014.

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

	2015 £	2014 £
C M Boobyer	13,586	13,586
G N Watkins	-	2,554
P R V Watkins	<u>816</u>	<u>1,496</u>
	<u>14,402</u>	<u>17,636</u>

There were no outstanding amounts due in respect of these dividends at either 31 December 2015 or at 31 December 2014.

Mr P J Watkins

During the year, £41,742 (£47,937 in 2014) 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 2015 or 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2015

26. ULTIMATE CONTROLLING PARTY

There is no single controlling party.

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.

RECONCILIATION OF EQUITY
1 JANUARY 2014
(DATE OF TRANSITION TO FRS 102)

Notes to the reconciliation of equity

FRS 102 requires deferred tax to be provided for on the revaluation of properties, whereas old UK GAAP did not. Where deferred tax relates to Trading Properties the adjustment is shown in the Revaluation Reserve and where it relates to Investment Properties it is shown in the Fair Value Reserve (previously the Investment Revaluation Reserve).

		At 1 January 2014		
	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets	11	520,611	-	520,611
Investment property	12	<u>23,338,000</u>	<u>-</u>	<u>23,338,000</u>
		<u>23,858,611</u>	<u>-</u>	<u>23,858,611</u>
CURRENT ASSETS				
Stocks	13	31,798	-	31,798
Debtors	14	594,261	(183,983)	410,278
Prepayments and accrued income		7,113	-	7,113
Cash at bank and in hand		<u>10,146</u>	<u>-</u>	<u>10,146</u>
		<u>643,318</u>	<u>(183,983)</u>	<u>459,335</u>
CREDITORS				
Amounts falling due within one year	15	<u>(1,697,951)</u>	<u>-</u>	<u>(1,697,951)</u>
NET CURRENT LIABILITIES		<u>(1,054,633)</u>	<u>(183,983)</u>	<u>(1,238,616)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,803,978	(183,983)	22,619,995
CREDITORS				
Amounts falling due after more than one year	16	(750,000)	-	(750,000)
PROVISIONS FOR LIABILITIES	19	<u>(1,599,905)</u>	<u>(589,559)</u>	<u>(2,189,464)</u>
NET ASSETS		<u>20,454,073</u>	<u>(773,542)</u>	<u>19,680,531</u>
CAPITAL AND RESERVES				
Called up share capital	20	376,391	-	376,391
Revaluation reserve	21	451,018	(54,563)	396,455
Capital redemption reserve	21	13,082	-	13,082
Fair value reserve	21	-	13,237,849	13,237,849
Investment revaluation reserve	21	13,956,828	(13,956,828)	-
Retained earnings	21	<u>5,656,754</u>	<u>-</u>	<u>5,656,754</u>
SHAREHOLDERS' FUNDS		<u>20,454,073</u>	<u>(773,542)</u>	<u>19,680,531</u>

The notes form part of these financial statements

RECONCILIATION OF EQUITY - continued
31 DECEMBER 2014

		At 31 December 2014		
	Notes	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
FIXED ASSETS				
Tangible assets	11	520,315	-	520,315
Investments	12	<u>23,183,000</u>	<u>-</u>	<u>23,183,000</u>
		<u>23,703,315</u>	<u>-</u>	<u>23,703,315</u>
CURRENT ASSETS				
Stocks	13	29,991	-	29,991
Debtors	14	523,763	(73,146)	450,617
Cash at bank and in hand		<u>13,741</u>	<u>-</u>	<u>13,741</u>
		<u>567,495</u>	<u>(73,146)</u>	<u>494,349</u>
CREDITORS				
Amounts falling due within one year	15	<u>(1,550,748)</u>	<u>-</u>	<u>(1,550,748)</u>
NET CURRENT LIABILITIES		<u>(983,253)</u>	<u>(73,146)</u>	<u>(1,056,399)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		22,720,062	(73,146)	22,646,916
CREDITORS				
Amounts falling due after more than one year	16	(1,502,500)	-	(1,502,500)
PROVISIONS FOR LIABILITIES	19	<u>(1,283,086)</u>	<u>(688,960)</u>	<u>(1,972,046)</u>
NET ASSETS		<u>19,934,476</u>	<u>(762,106)</u>	<u>19,172,370</u>
CAPITAL AND RESERVES				
Called up share capital	20	376,391	-	376,391
Revaluation reserve	21	451,018	(53,763)	397,255
Capital redemption reserve	21	13,082	-	13,082
Fair value reserve	21	-	12,463,891	12,463,891
Investment revaluation reserve	21	13,172,234	(13,172,234)	-
Retained earnings	21	<u>5,921,751</u>	<u>-</u>	<u>5,921,751</u>
SHAREHOLDERS' FUNDS		<u>19,934,476</u>	<u>(762,106)</u>	<u>19,172,370</u>

The notes form part of these financial statements

RECONCILIATION OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2014

	At 31 December 2014		
	UK GAAP £	Effect of transition to FRS 102 £	FRS 102 £
TURNOVER	2,336,845	-	2,336,845
Cost of sales	<u>(1,321,154)</u>	<u>-</u>	<u>(1,321,154)</u>
GROSS PROFIT	1,015,691	-	1,015,691
Administrative expenses	<u>(292,388)</u>	<u>(784,594)</u>	<u>(1,076,982)</u>
OPERATING PROFIT/(LOSS)	723,303	(784,594)	(61,291)
Income from fixed asset investments	3,455	-	3,455
Interest receivable and similar income	235	-	235
Other finance income	122,412	-	122,412
Interest payable and similar charges	<u>(84,005)</u>	<u>-</u>	<u>(84,005)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	765,400	(784,594)	(19,194)
Tax on profit/(loss) on ordinary activities	<u>(98,434)</u>	<u>11,436</u>	<u>(86,998)</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	<u>666,966</u>	<u>(773,158)</u>	<u>(106,192)</u>

Notes to the reconciliation of profit or loss

The following items in the comparative figures differ from those of the previously issued 2014 accounts due to the adoption of FRS 102.

The profit before tax has reduced from £765,400 to a loss of £19,194. This is due to the downward revaluation of the Investment Property portfolio, by £784,594, being included in administrative expenses within the Profit and Loss account instead of in the Statement of Total Recognised Gains and Losses as required by old UK GAAP.

Tax on profit on ordinary activities has decreased from £98,434 to £86,998 due to the movement in deferred tax recognised on Trading and Investment Properties. No deferred tax was recognised on these under old UK GAAP.

Neither of the above adjustments affect the distributable reserves.