

REGISTERED NUMBER: 00202450 (England and Wales)

**STRATEGIC REPORT, REPORT OF THE DIRECTORS AND**

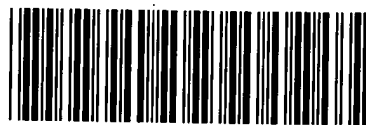
**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

**FOR**

**ESTATEWAYS PLC**

FRIDAY



\*AA6FCE2R\*

A11

11/06/2021

#129

COMPANIES HOUSE

**CONTENTS OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2</b>
<b>Report of the Directors</b>	<b>5</b>
<b>Report of the Independent Auditors</b>	<b>7</b>
<b>Statement of Profit, Loss and Other Comprehensive Income</b>	<b>10</b>
<b>Balance Sheet</b>	<b>12</b>
<b>Statement of Changes in Equity</b>	<b>14</b>
<b>Cash Flow Statement</b>	<b>15</b>
<b>Notes to the Cash Flow Statement</b>	<b>16</b>
<b>Notes to the Financial Statements</b>	<b>18</b>

**ESTATEWAYS PLC**

**COMPANY INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**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  
Cushman & Wakefield  
43-45 Portman Square  
London, W1H 6LY

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**REVIEW OF BUSINESS**

**DEVELOPMENT, FINANCIAL PERFORMANCE AND FINANCIAL POSITION:**

The company has had another satisfactory year.

There was a fall in turnover and profitability during the year. The principal reason for this was the decrease in the value of the portfolio although several other more minor factors contributed also.

	<u>2020</u>	<u>2019</u>
	<u>£</u>	<u>£</u>
Turnover	<u>2,120,659</u>	<u>2,344,431</u>
Profit before taxation	99,252	908,248
Taxation	<u>119,069</u>	<u>(271,240)</u>
Profit after taxation	<u>218,321</u>	<u>637,008</u>
Net assets / Shareholders funds	<u>21,682,988</u>	<u>22,061,838</u>

**FINANCIAL KEY PERFORMANCE  
INDICATORS:**

	<u>2020</u>	<u>2019</u>
Net profit margin ( before tax )	4.6%	38.7%
Return on capital employed ( after tax )	1.0%	2.9%
Earnings per share ( per 10p ordinary share )	7.7p	21.5p

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 2020**

**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 purpose 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 is now considered to be a significantly reduced risk since interest rates are not expected to vary significantly.

**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.

**SECTION 172(1) STATEMENT**

The board of directors of Estateways PLC consider that they, both individually and together, have acted in the way they would consider would be most likely to promote the success of the company for the benefit of its members as a whole in the decisions taken during the year ended 31 December 2020, at their regular board meetings.

**FUTURE DEVELOPMENTS**

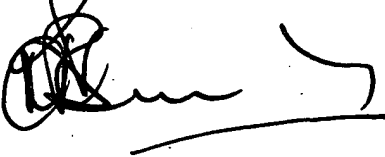
The company continues to actively seek to further enhance its investment property portfolio. The directors do not anticipate any significant changes in the company's operations during the coming year.

**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**FIXED ASSETS**

The company's fixed asset properties and investment properties were revalued on 31 December 2020. During the year, there have been no acquisitions and a minor disposal of land of a property. Capital expenditure in the year related mainly to the redevelopment of existing investment properties.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to be 'D R Beechey', with a long horizontal line extending to the right.

D R Beechey F.C.A. - Director

28 April 2021

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

**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	15.4p	- 30 June 2020
4% Cumulative Preference £1 shares	2.0p	- 30 June 2020
5% Cumulative Preference £1 shares	2.5p	- 30 June 2020

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 2020 will be £429,924.

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2020 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)

**COVID-19**

The directors have considered the effects of COVID-19 and believe there has been no material impact on the business.

**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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 Auditor, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD:**



D R Beechey F.C.A. - Director

28 April 2021



## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF ESTATEWAYS PLC**

### **Opinion**

We have audited the financial statements of Estateways Plc (the 'company') for the year ended 31 December 2020 which comprise the Statement of Profit, Loss and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. 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 31 December 2020 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.

### **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 Auditors' 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**ESTATEWAYS PLC**

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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.

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page six, 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 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.

**Auditors' 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 a Report of the Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Repairs and maintenance invoices are reviewed in detail by the responsible individual to ascertain reasonableness and identify any irregularities.
- Review of the cashbook for related party or unusual transactions.
- Journal testing for any unusual postings.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF**  
**ESTATEWAYS PLC**

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.



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

25 May 2021

**STATEMENT OF PROFIT, LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
<b>TURNOVER</b>	4		2,120,659		2,344,431
Cost of sales			1,159,369		1,162,157
<b>GROSS PROFIT</b>			961,290		1,182,274
Administrative expenses			277,458		271,825
			683,832		910,449
Other operating income			4,626		2,656
<b>OPERATING PROFIT</b>			688,458		913,105
Profit/loss on sale of investment property	6		13,165		-
			675,293		913,105
Income from fixed asset investments		2,913		2,783	
Interest receivable and similar income	7	1,541		27	
Other finance income	24	312,908		-	
			317,362		2,810
			992,655		915,915
(Loss)/gain on revaluation of investment property			(841,688)		260,995
			150,967		1,176,910
Interest payable and similar expenses	8	51,715		35,465	
Other finance costs	24	-		233,197	
			51,715		268,662
<b>PROFIT BEFORE TAXATION</b>	9		99,252		908,248
Tax on profit	10		(119,069)		271,240
<b>PROFIT FOR THE FINANCIAL YEAR</b>			218,321		637,008
<b>OTHER COMPREHENSIVE INCOME</b>					
Revaluation of trading properties			96,770		416,544
Share buy back			(237,822)		(304,868)
Income tax relating to components of other comprehensive income			(18,387)		(78,224)

The notes form part of these financial statements

**ESTATEWAYS PLC (REGISTERED NUMBER: 00202450)**

**STATEMENT OF PROFIT, LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £	2019 £
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	(159,439)	33,452
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	58,882	670,460

The notes form part of these financial statements

**ESTATEWAYS PLC (REGISTERED NUMBER: 00202450)**

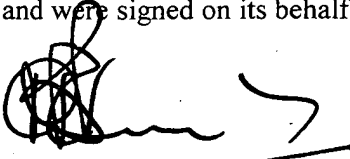
**BALANCE SHEET**  
**31 DECEMBER 2020**

	Notes	2020 £	2019 £
<b>FIXED ASSETS</b>			
Tangible assets	13	1,285,021	1,185,021
Investments	14	24,218,000	25,148,000
		<u>25,503,021</u>	<u>26,333,021</u>
<b>CURRENT ASSETS</b>			
Stocks	15	23,015	24,110
Debtors	16	349,875	241,467
Cash at bank and in hand		11,629	11,612
		<u>384,519</u>	<u>277,189</u>
<b>CREDITORS</b>			
Amounts falling due within one year	17	(1,762,463)	(1,359,876)
<b>NET CURRENT LIABILITIES</b>		<u>(1,377,944)</u>	<u>(1,082,687)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		24,125,077	25,250,334
<b>CREDITORS</b>			
Amounts falling due after more than one year	18	(700,000)	(700,000)
<b>PROVISIONS FOR LIABILITIES</b>	21	(1,742,089)	(2,488,496)
<b>NET ASSETS</b>		<u>21,682,988</u>	<u>22,061,838</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	358,371	366,179
Revaluation reserve	23	1,001,445	923,062
Capital redemption reserve	23	31,102	23,294
Fair value reserve	23	13,006,531	13,658,443
Retained earnings	23	7,285,539	7,090,860
<b>SHAREHOLDERS' FUNDS</b>		<u>21,682,988</u>	<u>22,061,838</u>

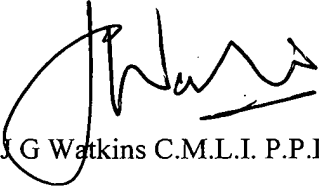
The notes form part of these financial statements

BALANCE SHEET - continued  
31 DECEMBER 2020

The financial statements were approved by the Board of Directors and authorised for issue on 28 April 2021 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

**ESTATEWAYS PLC (REGISTERED NUMBER: 00202450)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Called up share capital £	Retained earnings £	Revaluation reserve £
<b>Balance at 1 January 2019</b>	376,391	7,437,533	584,742
<b>Changes in equity</b>			
Cancellation of shares	(10,212)	-	-
Dividends	-	(553,038)	-
Total comprehensive income	-	206,365	338,320
<b>Balance at 31 December 2019</b>	366,179	7,090,860	923,062
<b>Changes in equity</b>			
Cancellation of shares	(7,808)	-	-
Dividends	-	(429,924)	-
Total comprehensive income	-	624,603	78,383
<b>Balance at 31 December 2020</b>	358,371	7,285,539	1,001,445
	Capital redemption reserve £	Fair value reserve £	Total equity £
<b>Balance at 1 January 2019</b>	13,082	13,542,880	21,954,628
<b>Changes in equity</b>			
Cancellation of shares	-	-	(10,212)
Dividends	-	-	(553,038)
Total comprehensive income	10,212	115,563	670,460
<b>Balance at 31 December 2019</b>	23,294	13,658,443	22,061,838
<b>Changes in equity</b>			
Cancellation of shares	-	-	(7,808)
Dividends	-	-	(429,924)
Total comprehensive income	7,808	(651,912)	58,882
<b>Balance at 31 December 2020</b>	31,102	13,006,531	21,682,988

The notes form part of these financial statements



**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	421,134	732,349
Interest paid		(51,715)	(35,465)
Tax paid		(115,719)	(188,343)
Net cash from operating activities		<u>253,700</u>	<u>508,541</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(3,230)	(18,456)
Purchase of fixed asset investments		(91,801)	(34,005)
Sale of fixed asset investments		166,948	-
Interest received		1,541	16
Dividends received		2,913	2,783
Net cash from investing activities		<u>76,371</u>	<u>(49,662)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		-	(250,000)
Share buyback		(245,630)	(315,081)
Equity dividends paid		(429,924)	(553,038)
Net cash from financing activities		<u>(675,554)</u>	<u>(1,118,119)</u>
<b>Decrease in cash and cash equivalents</b>		<u>(345,483)</u>	<u>(659,240)</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>(858,975)</u>	<u>(199,735)</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>(1,204,458)</u></u>	<u><u>(858,975)</u></u>

The notes form part of these financial statements

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2020	2019
	£	£
Profit before taxation	99,252	908,248
Loss/(gain) on revaluation of fixed assets	841,688	(260,995)
Retired directors pensions paid	(247,365)	(270,673)
Loss on sale of fixed assets investments	13,165	-
Finance costs	51,715	268,662
Finance income	(317,362)	(2,810)
	<hr/>	<hr/>
	441,093	642,432
Decrease in stocks	1,095	968
(Increase)/decrease in trade and other debtors	(108,408)	177,863
Increase/(decrease) in trade and other creditors	87,354	(88,914)
	<hr/>	<hr/>
<b>Cash generated from operations</b>	<b>421,134</b>	<b>732,349</b>
	<hr/>	<hr/>

**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 2020**

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	11,629	11,612
Bank overdrafts	(1,216,087)	(870,587)
	<hr/>	<hr/>
	(1,204,458)	(858,975)
	<hr/>	<hr/>

**Year ended 31 December 2019**

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	11,612	11,496
Bank overdrafts	(870,587)	(211,231)
	<hr/>	<hr/>
	(858,975)	(199,735)
	<hr/>	<hr/>

**NOTES TO THE CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**3. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.1.20 £	Cash flow £	At 31.12.20 £
<b>Net cash</b>			
Cash at bank and in hand	11,612	17	11,629
Bank overdrafts	(870,587)	(345,500)	(1,216,087)
	<u>(858,975)</u>	<u>(345,483)</u>	<u>(1,204,458)</u>
<b>Debt</b>			
Debts falling due after 1 year	(700,000)	-	(700,000)
	<u>(700,000)</u>	<u>-</u>	<u>(700,000)</u>
<b>Total</b>	<u>(1,558,975)</u>	<u>(345,483)</u>	<u>(1,904,458)</u>

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**1. STATUTORY INFORMATION**

Estateways Plc is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. 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.

**3. 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, 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 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**3. ACCOUNTING POLICIES - continued**

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Profit, Loss and Other Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

**Current tax**

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Deferred tax**

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing differences. In the absence of anticipated sale dates this is calculated using tax rates expected to apply in the year following these financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**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 managing agents, 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 21 and 24 to the accounts.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**3. ACCOUNTING POLICIES - continued**

**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 16 ('Accounting for Investment Properties').

In accordance with FRS 102 s.16, 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 Statement of Profit, Loss and Other Comprehensive Income 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 29).

**4. TURNOVER**

	Turnover		Profit before Taxation	
	2020	2019	2020	2019
	£	£	£	£
Services rendered	73,005	48,021	3,417	18,604
Rents receivable	2,047,654	2,296,410	95,835	889,644
	<u>2,120,659</u>	<u>2,344,431</u>	<u>99,252</u>	<u>908,248</u>

**5. EMPLOYEES AND DIRECTORS**

	2020	2019
	£	£
Wages and salaries	234,290	230,032
Social security costs	2,652	2,970
Other pension costs	4,914	4,398
	<u>241,856</u>	<u>237,400</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**5. EMPLOYEES AND DIRECTORS - continued**

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

	2020	2019
Management and Administration	9	9
Repairs and Maintenance	5	5
	<u>14</u>	<u>14</u>

	2020	2019
	£	£
Directors' remuneration	<u>57,411</u>	<u>58,826</u>

**6. EXCEPTIONAL ITEMS**

	2020	2019
	£	£
Profit/loss on sale of investment property	<u>(13,165)</u>	<u>-</u>

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2020	2019
	£	£
Other interest receivable	1,534	-
Bank interest receivable	7	16
Interest received on corporation tax paid early	-	11
	<u>1,541</u>	<u>27</u>

**8. INTEREST PAYABLE AND SIMILAR EXPENSES**

	2020	2019
	£	£
Overdraft interest	28,199	7,079
Bank loan interest	23,516	28,386
	<u>51,715</u>	<u>35,465</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**9. PROFIT BEFORE TAXATION**

The profit is stated after charging:

	2020	2019
	£	£
Auditor's remuneration	23,700	27,600
Non audit services (note 12)	1,830	1,860

**10. TAXATION**

**Analysis of the tax (credit)/charge**

The tax (credit)/charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	85,452	115,719
Deferred tax:		
Origination and reversal of timing differences	(204,521)	155,521
Tax on profit	(119,069)	271,240

**Reconciliation of total tax (credit)/charge included in profit and loss**

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

	2020	2019
	£	£
Profit before tax	99,252	908,248
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	18,858	172,567
Effects of:		
Capital allowances claimed	(2,264)	(3,153)
Pensions paid in year	(46,999)	(51,428)
(Decrease)/ Increase in provision for retired directors pensions	(59,453)	44,307
Revaluations in year	159,921	(49,589)
Movement in deferred tax	(204,521)	155,521
Non allowable expenses	1,122	3,015
Loss on disposal of investment property	2,501	-
Chargeable Gain	11,766	-
Total tax (credit)/charge	(119,069)	271,240



**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**10. TAXATION - continued**

**Tax effects relating to effects of other comprehensive income**

		2020	
	Gross £	Tax £	Net £
Revaluation of trading properties	96,770	(18,387)	78,383
Share buy back	(237,822)	-	(237,822)
	<u>(141,052)</u>	<u>(18,387)</u>	<u>(159,439)</u>
	Gross £	2019 Tax £	Net £
Revaluation of trading properties	416,544	(78,224)	338,320
Share buy back	(304,868)	-	(304,868)
	<u>111,676</u>	<u>(78,224)</u>	<u>33,452</u>

**11. DIVIDENDS**

	2020 £	2019 £
Ordinary shares of 10p each		
Interim	426,446	549,560
4% Cumulative Preference shares of £1 each		
Final	1,189	1,189
Interim	1,189	1,189
5% Cumulative Preference shares of £1 each		
Final	550	550
Interim	550	550
	<u>429,924</u>	<u>553,038</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**12. AUDITOR'S REMUNERATION**

	2020 £	2019 £
Fees payable to the company's auditor for the audit of the annual accounts	<u>23,700</u>	<u>27,600</u>
Fees payable to the company's auditor for other services:		
Tax services	1,830	1,860
All other services	<u>-</u>	<u>-</u>
	<u>1,830</u>	<u>1,860</u>

**13. TANGIBLE FIXED ASSETS**

	Land and Buildings £	Plant, Machinery and Vehicles £	Totals £
<b>COST OR VALUATION</b>			
At 1 January 2020	1,185,000	49,364	1,234,364
Additions	3,230	-	3,230
Revaluations	96,770	-	96,770
	<u>1,285,000</u>	<u>49,364</u>	<u>1,334,364</u>
At 31 December 2020	<u>1,285,000</u>	<u>49,364</u>	<u>1,334,364</u>
<b>DEPRECIATION</b>			
At 1 January 2020 and 31 December 2020	<u>-</u>	<u>49,343</u>	<u>49,343</u>
<b>NET BOOK VALUE</b>			
At 31 December 2020	<u>1,285,000</u>	<u>21</u>	<u>1,285,021</u>
At 31 December 2019	<u>1,185,000</u>	<u>21</u>	<u>1,185,021</u>

Land and buildings comprises Freehold Property valued on 31 December 2020 on an open market basis. The properties were valued by Dawsons, Chartered Surveyors at £1,285,000 on the basis recorded in Note 14. 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 2020**

**13. TANGIBLE FIXED ASSETS - continued**

Cost or valuation at 31 December 2020 is represented by:

	Land and Buildings £	Plant, Machinery and Vehicles £	Totals £
Valuation in 2020	1,285,000	-	1,285,000
Cost	-	49,364	49,364
	<u>1,285,000</u>	<u>49,364</u>	<u>1,334,364</u>

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

	2020 £	2019 £
Cost	<u>95,988</u>	<u>92,757</u>

**14. FIXED ASSET INVESTMENTS**

	Investment properties £
<b>COST OR VALUATION</b>	
At 1 January 2020	25,148,000
Additions	91,801
Disposals	(180,113)
Revaluations	(841,688)
At 31 December 2020	<u>24,218,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2020	<u>24,218,000</u>
At 31 December 2019	<u>25,148,000</u>

Cost or valuation at 31 December 2020 is represented by:

	Investment properties £
Valuation in 2020	<u>24,218,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**14. FIXED ASSET INVESTMENTS - continued**

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

	2020	2019
	£	£
Cost	10,521,094	10,485,206

The portfolio of UK freehold and leasehold interests categorised as "Investment Properties" were valued by external valuers, Dawsons, Chartered Surveyors and Cushman & Wakefield, Chartered Surveyors, as at 31 December 2020, 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.

The external valuers have undertaken this valuation for inclusion in the company's balance sheet. The directors have considered whether a conflict of interest arises, with Dawsons, 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 to Dawsons any material matters of which the external valuers may be unaware.

Cushman & Wakefield's valuation of 68 Queens Gardens, London, W2 is subject to the full valuation report dated 26 January 2021 including all assumptions, exclusions and limitations referred to therein. C&W accepts no responsibility and excludes all liability to any third party in respect of the whole or any part of such valuation or its contents.

**15. STOCKS**

	2020	2019
	£	£
Ground rents	23,015	24,110

The replacement value of the ground rents is considered by the directors to be in the order of £350,000.

**16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Trade debtors	334,781	236,763
Other debtors	11,542	1,246
Prepayments	3,552	3,458
	349,875	241,467

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2020	2019
	£	£
Bank loans and overdrafts (see note 19)	1,216,087	870,587
Taxation	85,374	115,641
Social security and other taxes	12,385	14,927
VAT	5,323	4,689
Other creditors	37,420	50,657
Accrued expenses	38,713	29,541
Deferred income	367,161	273,834
	<u>1,762,463</u>	<u>1,359,876</u>

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2020	2019
	£	£
Bank loans (see note 19)	<u>700,000</u>	<u>700,000</u>

The bank loan is an interest only loan. The capital repayment is due on 20 December 2022.

Interest on the loan is charged at a rate of 3% over the LIBOR rate. At 31 December 2020, this equated to a rate of 3.176%. (3.672% as at 31 December 2019).

**19. LOANS**

An analysis of the maturity of loans is given below:

	2020	2019
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>1,216,087</u>	<u>870,587</u>
Amounts falling due between one and two years:		
Bank loans (1 - 2 years)	<u>700,000</u>	<u>-</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>-</u>	<u>700,000</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**20. SECURED DEBTS**

The following secured debts are included within creditors:

	2020	2019
	£	£
Bank overdrafts	1,216,087	870,587
Bank loans	700,000	700,000
	<u>1,916,087</u>	<u>1,570,587</u>

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

**21. PROVISIONS FOR LIABILITIES**

	2020	2019
	£	£
Deferred tax		
Deferred tax on accelerated capital allowances	1,075,005	1,367,591
Deferred tax on future pension obligations	(156,476)	(262,928)
	<u>918,529</u>	<u>1,104,663</u>
Other provisions		
Future pension obligations	<u>823,560</u>	<u>1,383,833</u>
Aggregate amounts	<u>1,742,089</u>	<u>2,488,496</u>
	Deferred tax	Future Pensions
	£	£
Balance at 1 January 2020	1,104,663	1,383,833
Accelerated capital allowances	(292,586)	-
Pensions paid in year	46,999	(247,365)
Annual revaluation of pension liabilities	59,453	(312,908)
Balance at 31 December 2020	<u>918,529</u>	<u>823,560</u>

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**21. PROVISIONS FOR LIABILITIES - continued**

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

- Annual pension increases will be 5% (5% in 2019)
- Investment performance will be 4.92.% (5.38% in 2019) based upon the return on equity capital employed in the previous three years.

**22. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
2,769,130 (2019 - 2,847,209)	Ordinary	10p	276,913	284,721
59,460	4% Cumulative Preference	£1	59,460	59,460
21,998	5% Cumulative Preference	£1	21,998	21,998
			<u>358,371</u>	<u>366,179</u>

During the year the company bought back 78,079 shares totalling £7,808.

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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

**23. RESERVES**

	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Fair value reserve £	Totals £
At 1 January 2020	7,090,860	923,062	23,294	13,658,443	21,695,659
Profit for the year	218,321				218,321
Dividends	(429,924)				(429,924)
Purchase of own shares	(245,630)	-	7,808	-	(237,822)
Deferred tax movement	(313,976)	(18,387)	-	313,976	(18,387)
Revaluations in year	841,688	96,770	-	(841,688)	96,770
Prior revaluations eliminated upon disposal of property	124,200	-	-	(124,200)	-
At 31 December 2020	<u>7,285,539</u>	<u>1,001,445</u>	<u>31,102</u>	<u>13,006,531</u>	<u>21,324,617</u>

**24. 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.

Provision has been made in the Balance Sheet for the remaining commitment, based upon actuarial calculations. As at 31 December 2020 the provision required was £823,560 ( £1,383,833 as at 31 December 2019 ).

After allowing for the pensions paid by the company during the year a decrease in the provision of £312,908 was required for 2020, ( £233,197 increase in 2019 ). These adjustments are reflected in other finance costs in the Statement of Profit, Loss and Other Comprehensive Income. The provision movements and their tax effect are detailed further in Note 21 to the accounts.

**25. CAPITAL COMMITMENTS**

	2020 £	2019 £
Contracted but not provided for in the financial statements	-	239,703

At 31 December 2019 the company had agreed to buy back shares from a shareholder for £239,703.

**26. 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 2020**

**27. RELATED PARTY DISCLOSURES**

During the year the company paid total dividends of £180,539 (2019: £215,268) to its directors.

There were no outstanding amounts due in respect of these dividends at either 31 December 2020 or at 31 December 2019.

**Mr P J Watkins**

During the year, £39,959 (£43,114 in 2019) 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 2020 or 31 December 2019.

**28. ULTIMATE CONTROLLING PARTY**

There is no single controlling party.

**29. 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.