

REGISTERED NUMBER: 00202450 (England and Wales)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

FOR

ESTATEWAYS PLC

SATURDAY



A75C53KG

A21

05/05/2018

#235

COMPANIES HOUSE

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Statement of Profit, Loss and Other Comprehensive Income	9
Balance Sheet	11
Statement of Changes in Equity	13
Cash Flow Statement	14
Notes to the Cash Flow Statement	15
Notes to the Financial Statements	16

ESTATEWAYS PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2017

DIRECTORS:	D R Beechey F.C.A. J G Watkins C.M.L.I. P.P.L.I. R G O Watkins S L Chilman B.Sc.(Hons)
SECRETARY:	R O Walters AssocRICS, FNAEA
REGISTERED OFFICE:	Dynevor House 5-6 De La Beche Street Swansea SA1 3HA
REGISTERED NUMBER:	00202450 (England and Wales)
AUDITORS:	John F Harvey Ltd, Statutory Auditor Dynevor House 5 - 6 De La Beche Street Swansea SA1 3HA
PROPERTY VALUERS:	Dawsons 11 Walter Road Swansea SA1 5NF

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017

REVIEW OF BUSINESS

DEVELOPMENT, FINANCIAL PERFORMANCE AND FINANCIAL POSITION:

The company has had another satisfactory year.

The company's turnover has increased through higher occupancy. The company's profitability before tax and revaluations increased in the year primarily due to an increase in rents receivable however the increase in profit was capped due to an increase in legal and professional fees.

	<u>2017</u> <u>£</u>	<u>2016</u> <u>£</u>
Turnover	<u>2,706,925</u>	<u>2,551,204</u>
Profit before taxation	1,863,917	1,244,727
Taxation	(82,616)	(385,805)
Profit after taxation	<u>1,781,301</u>	<u>858,922</u>
Net assets / Shareholders funds	<u>21,475,141</u>	<u>19,967,844</u>

**FINANCIAL KEY PERFORMANCE
INDICATORS:**

	<u>2017</u>	<u>2016</u>
Net profit margin (before tax)	68.9%	48.8%
Return on capital employed (after tax)	8.3%	4.3%
Earnings per share (per 10p ordinary share)	60.4p	29.1p

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 2017

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 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.

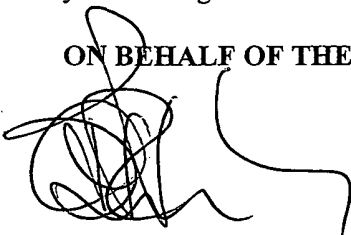
FUTURE DEVELOPMENTS

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 2017. 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

24 April 2018

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

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	14.4p	- 30 June 2017
4% Cumulative Preference £1 shares	2.0p	- 30 June 2017
5% Cumulative Preference £1 shares	2.5p	- 30 June 2017

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 2017 will be £425,414.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2017 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)

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.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued

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:

A handwritten signature in black ink, appearing to be 'D R Beechey', written over a horizontal line.

D R Beechey F.C.A. - Director

24 April 2018

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 2017 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 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

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ESTATEWAYS PLC

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 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, 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.

Opinion 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 pages four and five, 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ESTATEWAYS PLC

Our 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.

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



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

24 April 2018

ESTATEWAYS PLC (REGISTERED NUMBER: 00202450)

STATEMENT OF PROFIT, LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

		2017		2016	
	Notes	£	£	£	£
TURNOVER	4		2,706,925		2,551,204
Cost of sales			1,337,419		1,300,062
GROSS PROFIT			1,369,506		1,251,142
Administrative expenses			285,696		232,041
			1,083,810		1,019,101
Other operating income			3,804		3,319
OPERATING PROFIT	6		1,087,614		1,022,420
Income from fixed asset investments		3,623		3,460	
Interest receivable and similar income	7	401		-	
			4,024		3,460
			1,091,638		1,025,880
Gain/(loss) on revaluation of investment property			1,293,917		399,186
			2,385,555		1,425,066
Interest payable and similar expenses	8	81,988		89,729	
Other finance costs	23	439,650		90,610	
			521,638		180,339
PROFIT BEFORE TAXATION			1,863,917		1,244,727
Tax on profit	9		82,616		385,805
PROFIT FOR THE FINANCIAL YEAR			1,781,301		858,922
OTHER COMPREHENSIVE INCOME					
Deferred tax movement on trading properties			(33,111)		(5,688)
Revaluation of trading properties			184,520		-
Income tax relating to components of other comprehensive income			-		-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX			151,409		(5,688)

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 2017

	2017 £	2016 £
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,932,710</u>	<u>853,234</u>

The notes form part of these financial statements

ESTATEWAYS PLC (REGISTERED NUMBER: 00202450)


BALANCE SHEET
31 DECEMBER 2017

		2017		2016	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	12		750,021		565,021
Investments	13		25,993,000		24,688,000
			<u>26,743,021</u>		<u>25,253,021</u>
CURRENT ASSETS					
Stocks	14	26,266		27,687	
Debtors	15	422,222		370,886	
Cash at bank and in hand		33,034		56,641	
		<u>481,522</u>		<u>455,214</u>	
CREDITORS					
Amounts falling due within one year	16	2,172,135		3,653,221	
NET CURRENT LIABILITIES			<u>(1,690,613)</u>		<u>(3,198,007)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			25,052,408		22,055,014
CREDITORS					
Amounts falling due after more than one year	17		(1,200,000)		-
PROVISIONS FOR LIABILITIES	20		<u>(2,377,267)</u>		<u>(2,087,170)</u>
NET ASSETS			<u>21,475,141</u>		<u>19,967,844</u>
CAPITAL AND RESERVES					
Called up share capital	21		376,391		376,391
Revaluation reserve	22		589,581		438,172
Capital redemption reserve	22		13,082		13,082
Fair value reserve	22		13,809,292		12,565,587
Retained earnings	22		6,686,795		6,574,612
SHAREHOLDERS' FUNDS			<u>21,475,141</u>		<u>19,967,844</u>

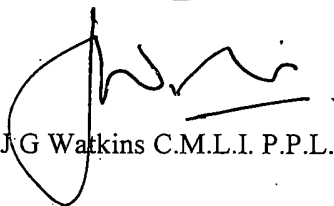
The notes form part of these financial statements

BALANCE SHEET - continued
31 DECEMBER 2017

The financial statements were approved by the Board of Directors on 24 April 2018 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

ESTATEWAYS PLC (REGISTERED NUMBER: 00202450)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital £	Retained earnings £	Revaluation reserve £
Balance at 1 January 2016	376,391	6,322,799	443,860
Changes in equity			
Dividends	-	(422,646)	-
Total comprehensive income	-	674,459	(5,688)
Balance at 31 December 2016	376,391	6,574,612	438,172
Changes in equity			
Dividends	-	(425,414)	-
Total comprehensive income	-	537,597	151,409
Balance at 31 December 2017	376,391	6,686,795	589,581

	Capital redemption reserve £	Fair value reserve £	Total equity £
Balance at 1 January 2016	13,082	12,381,124	19,537,256
Changes in equity			
Dividends	-	-	(422,646)
Total comprehensive income	-	184,463	853,234
Balance at 31 December 2016	13,082	12,565,587	19,967,844
Changes in equity			
Dividends	-	-	(425,414)
Total comprehensive income	-	1,243,705	1,932,711
Balance at 31 December 2017	13,082	13,809,292	21,475,141

The notes form part of these financial statements

ESTATEWAYS PLC (REGISTERED NUMBER: 00202450)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Cash flows from operating activities			
Cash generated from operations	1	920,998	878,602
Interest paid		(81,988)	(89,729)
Tax paid		(76,693)	(203,862)
Net cash from operating activities		<u>762,317</u>	<u>585,011</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(480)	-
Purchase of fixed asset investments		(11,083)	(55,814)
Interest received		4	-
Dividends received		<u>3,623</u>	<u>3,460</u>
Net cash from investing activities		<u>(7,936)</u>	<u>(52,354)</u>
Cash flows from financing activities			
Equity dividends paid		<u>(425,414)</u>	<u>(422,646)</u>
Net cash from financing activities		<u>(425,414)</u>	<u>(422,646)</u>
Increase in cash and cash equivalents		<u>328,967</u>	<u>110,011</u>
Cash and cash equivalents at beginning of year	2	<u>(394,220)</u>	<u>(504,231)</u>
Cash and cash equivalents at end of year	2	<u><u>(65,253)</u></u>	<u><u>(394,220)</u></u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

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

	2017 £	2016 £
Profit before taxation	1,863,917	1,244,727
Gain on revaluation of fixed assets	(1,293,917)	(399,186)
Retired directors pensions paid	(184,131)	(155,878)
Finance costs	521,638	180,339
Finance income	(4,024)	(3,460)
	<hr/>	<hr/>
	903,483	866,542
Decrease in stocks	1,421	700
(Increase)/decrease in trade and other debtors	(51,335)	78,225
Increase/(decrease) in trade and other creditors	67,429	(66,865)
	<hr/>	<hr/>
Cash generated from operations	920,998	878,602

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 2017

	31.12.17 £	1.1.17 £
Cash and cash equivalents	33,034	56,641
Bank overdrafts	(98,287)	(450,861)
	<hr/>	<hr/>
	(65,253)	(394,220)

Year ended 31 December 2016

	31.12.16 £	1.1.16 £
Cash and cash equivalents	56,641	14,225
Bank overdrafts	(450,861)	(518,456)
	<hr/>	<hr/>
	(394,220)	(504,231)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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, disposal of properties, car park income and income from rents, ground rents and service charges. This excludes VAT where applicable.

Tangible fixed assets

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

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

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

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

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

On disposal of a non investment property, any revaluation adjustment previously taken to the Revaluation Reserve for the property is transferred to 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 2017

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 difference.

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 20 and 23 to the accounts.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

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 27).

4. TURNOVER

	Turnover		Profit before Taxation	
	2017	2016	2017	2016
	£	£	£	£
Services rendered	128,992	174,798	88,820	85,284
Rents receivable	2,577,933	2,376,406	1,775,097	1,159,443
	<u>2,706,925</u>	<u>2,551,204</u>	<u>1,863,917</u>	<u>1,244,727</u>

5. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	217,364	213,028
Social security costs	2,429	1,740
Other pension costs	1,455	-
	<u>221,248</u>	<u>214,768</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

5. EMPLOYEES AND DIRECTORS - continued

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

	2017	2016
Management and Administration	9	9
Repairs and Maintenance	5	5
	<u>14</u>	<u>14</u>

	2017 £	2016 £
Directors' remuneration	<u>56,314</u>	<u>54,243</u>

6. OPERATING PROFIT

The operating profit is stated after charging:

	2017 £	2016 £
Auditor's remuneration	24,000	26,400
Non audit services (note 11)	<u>3,888</u>	<u>2,040</u>

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £	2016 £
Bank interest receivable	4	-
Interest received on corporation tax refund	<u>397</u>	<u>-</u>
	<u>401</u>	<u>-</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £	2016 £
Overdraft interest	2,069	5,412
Bank loan interest	<u>79,919</u>	<u>84,317</u>
	<u>81,988</u>	<u>89,729</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

9. TAXATION

Analysis of the tax charge

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

	2017 £	2016 £
Current tax:		
UK corporation tax	158,168	154,049
Prior period tax adjustment	(77,018)	-
Total current tax	<u>81,150</u>	<u>154,049</u>
Deferred tax:		
Origination and reversal of timing differences	1,466	274,278
Changes in tax rates and laws	-	(42,522)
Total deferred tax	<u>1,466</u>	<u>231,756</u>
Tax on profit	<u>82,616</u>	<u>385,805</u>

Reconciliation of total tax 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:

	2017 £	2016 £
Profit before tax	<u>1,863,917</u>	<u>1,244,727</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19.247% (2016 - 20%)	358,748	248,945
Effects of:		
Capital allowances claimed	(717)	(1,202)
Pensions paid in year	(35,440)	(31,175)
(Decrease)/ Increase in provision for retired directors pensions	84,616	18,122
Revaluations in year	(249,040)	(79,837)
Movement in deferred tax	1,467	231,756
Park Buildings capital allowances claim	(77,018)	-
Wear and tear allowance	-	(804)
Total tax charge	<u>82,616</u>	<u>385,805</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

9. TAXATION - continued

Tax effects relating to effects of other comprehensive income

	Gross £	2017 Tax £	Net £
Deferred tax movement on trading properties	(33,111)	-	(33,111)
Revaluation of trading properties	184,520	-	184,520
	<u>151,409</u>	<u>-</u>	<u>151,409</u>
	Gross £	2016 Tax £	Net £
Deferred tax movement on trading properties	(5,688)	-	(5,688)
	<u>(5,688)</u>	<u>-</u>	<u>(5,688)</u>

10. DIVIDENDS

	2017 £	2016 £
Ordinary shares of 10p each		
Interim	421,999	419,294
4% Cumulative Preference shares of £1 each		
Final	1,189	1,172
Interim	1,172	1,172
5% Cumulative Preference shares of £1 each		
Final	550	504
Interim	504	504
	<u>425,414</u>	<u>422,646</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

11. AUDITOR'S REMUNERATION

	2017 £	2016 £
Fees payable to the company's auditor for the audit of the annual accounts	<u>24,000</u>	<u>26,400</u>
Fees payable to the company's auditor for other services:		
Tax services	1,176	960
All other services	<u>2,712</u>	<u>1,080</u>
	<u>3,888</u>	<u>2,040</u>

12. TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant, Machinery and Vehicles £	Totals £
COST OR VALUATION			
At 1 January 2017	565,000	49,364	614,364
Additions	480	-	480
Revaluations	<u>184,520</u>	<u>-</u>	<u>184,520</u>
At 31 December 2017	<u>750,000</u>	<u>49,364</u>	<u>799,364</u>
DEPRECIATION			
At 1 January 2017			
and 31 December 2017	<u>-</u>	<u>49,343</u>	<u>49,343</u>
NET BOOK VALUE			
At 31 December 2017	<u>750,000</u>	<u>21</u>	<u>750,021</u>
At 31 December 2016	<u>565,000</u>	<u>21</u>	<u>565,021</u>

Land and buildings comprises Freehold Property valued on 31 December 2017 on an open market basis. The properties were valued by Dawsons, Chartered Surveyors at £750,000 on the basis recorded in Note 13. 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 2017

12. TANGIBLE FIXED ASSETS - continued

Cost or valuation at 31 December 2017 is represented by:

	Land and Buildings £	Plant, Machinery and Vehicles £	Totals £
Valuation in 2017	750,000	-	750,000
Cost	-	49,364	49,364
	<u>750,000</u>	<u>49,364</u>	<u>799,364</u>

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

	2017 £	2016 £
Cost	<u>69,462</u>	<u>68,982</u>

13. FIXED ASSET INVESTMENTS

	Investment properties £
COST OR VALUATION	
At 1 January 2017	24,688,000
Additions	11,083
Revaluations	1,293,917
At 31 December 2017	<u>25,993,000</u>
NET BOOK VALUE	
At 31 December 2017	<u>25,993,000</u>
At 31 December 2016	<u>24,688,000</u>

Cost or valuation at 31 December 2017 is represented by:

	Investment properties £
Valuation in 2017	<u>25,993,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

13. FIXED ASSET INVESTMENTS - continued

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

	2017	2016
	£	£
Cost	<u>11,269,082</u>	<u>11,258,000</u>

The London property was valued on a market value basis on 31 December 2017 by the directors with the assistance of Mr J Dawson B.Sc (Hons) MRICS.

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 2017, 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 to Dawsons any material matters of which the valuers may be unaware.

14. STOCKS

	2017	2016
	£	£
Ground rents	<u>26,266</u>	<u>27,687</u>

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

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	405,958	364,834
Other debtors	2,870	-
Prepayments	13,394	6,052
	<u>422,222</u>	<u>370,886</u>

ESTATEWAYS PLC (REGISTERED NUMBER: 00202450)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 18)	1,298,287	2,850,861
Taxation	158,109	154,049
Social security and other taxes	11,291	10,941
VAT	7,450	7,872
Other creditors	116,436	53,144
Accrued expenses	124,678	53,351
Deferred income	455,884	523,003
	<u>2,172,135</u>	<u>3,653,221</u>

The first bank loan is an interest only loan. It originally had a five year term, with the capital repayable in full at the end of the term on 20 December 2017. The term has been extended to 20 December 2022.

The second bank loan is also an interest only loan. It originally had a three year term, with the capital repayable in full at the end of the term on 20 December 2017. The term has been extended with a sum of £1.2m due by 20 June 2018 and the remainder on 20 December 2022.

Interest on both loans is charged at a rate of 3% over the LIBOR rate. At 31 December 2017, this equated to a rate of 3.473%. (3.226% as at 31 December 2016).

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

	2017	2016
	£	£
Bank loans (see note 18)	<u>1,200,000</u>	<u>-</u>

18. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	98,287	450,861
Bank loans	1,200,000	2,400,000
	<u>1,298,287</u>	<u>2,850,861</u>
Amounts falling due between two and five years:		
Bank loans - 2-5 years	<u>1,200,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

19. SECURED DEBTS

The following secured debts are included within creditors:

	2017 £	2016 £
Bank overdrafts	98,287	450,861
Bank loans	2,400,000	2,400,000
	<u>2,498,287</u>	<u>2,850,861</u>

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

20. PROVISIONS FOR LIABILITIES

	2017 £	2016 £
Deferred tax		
Deferred tax on accelerated capital allowances	1,180,968	1,097,841
Deferred tax on future pension obligations	<u>(280,613)</u>	<u>(232,065)</u>
	<u>900,355</u>	<u>865,776</u>
Other provisions		
Future pension obligations	<u>1,476,912</u>	<u>1,221,394</u>
Aggregate amounts	<u>2,377,267</u>	<u>2,087,170</u>
	Deferred tax £	Future Pensions £
Balance at 1 January 2017	865,776	1,221,393
Accelerated capital allowances	83,126	-
Pensions paid in year	34,987	(184,131)
Annual revaluation of pension liabilities	<u>(83,534)</u>	<u>439,650</u>
Balance at 31 December 2017	<u>900,355</u>	<u>1,476,912</u>

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

- Annual pension increases will be 5% (5% in 2016)
- Investment performance will be 4.68% (3.85% in 2016) based upon the return on equity capital employed in the previous three years.

ESTATEWAYS PLC (REGISTERED NUMBER: 00202450)

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
2,949,330	Ordinary	10p	294,933	294,933
59,460	4% Cumulative Preference	£1	59,460	59,460
21,998	5% Cumulative Preference	£1	21,998	21,998
			<u>376,391</u>	<u>376,391</u>

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

22. RESERVES

	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Fair value reserve £	Totals £
At 1 January 2017	6,574,612	438,172	13,082	12,565,587	19,591,453
Profit for the year	1,781,301				1,781,301
Dividends	(425,414)				(425,414)
Deferred tax movement	-	(33,111)	-	(50,213)	(83,324)
Revaluations in year	-	184,520	-	1,293,918	1,478,438
Transfer to fair value reserve	(1,243,704)	-	-	-	(1,243,704)
At 31 December 2017	<u>6,686,795</u>	<u>589,581</u>	<u>13,082</u>	<u>13,809,292</u>	<u>21,098,750</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2017

23. 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 2017 the provision required was £1,476,913 (£1,221,394 as at 31 December 2016).

After allowing for the pensions paid by the company during the year an increase in the provision of £439,650 was required for 2017, (£90,610 in 2016). 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 20 to the accounts.

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 total dividends of £158,192 (2016: £158,192) to its directors.

There were no outstanding amounts due in respect of these dividends at either 31 December 2017 or at 31 December 2016.

There were no outstanding amounts due in respect of these dividends at either 31 December 2017 or at 31 December 2016.

Mr P J Watkins

During the year, £50,432 (£73,519 in 2016) 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 2017 or 31 December 2016.

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.