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**FOLKES PROPERTIES LIMITED**

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**FINANCIAL STATEMENTS**  
**INFORMATION FOR FILING WITH THE REGISTRAR**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

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COMPANIES HOUSE

**FOLKES PROPERTIES LIMITED**  
**REGISTERED NUMBER: 00836234**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	4	96,437	96,437
Investment property		23,602,501	18,594,318
		<u>23,698,938</u>	<u>18,690,755</u>
<b>Current assets</b>			
Debtors: amounts falling due within one year	5	5,190,416	4,390,975
Cash at bank and in hand	6	535,801	635,656
		<u>5,726,217</u>	<u>5,026,631</u>
Creditors: amounts falling due within one year	7	(5,444,391)	(5,555,075)
<b>Net current assets/(liabilities)</b>		<u>281,826</u>	<u>(528,444)</u>
<b>Total assets less current liabilities</b>		<u>23,980,764</u>	<u>18,162,311</u>
<b>Provisions for liabilities</b>			
Deferred tax	9	(2,571,041)	(979,949)
		<u>(2,571,041)</u>	<u>(979,949)</u>
<b>Net assets</b>		<u>21,409,723</u>	<u>17,182,362</u>
<b>Capital and reserves</b>			
Called up share capital	10	10,000	10,000
Share premium account	11	111,494	111,494
Investment property reserve	11	13,432,369	10,759,984
Other reserves	11	1,181,940	1,181,940
Profit and loss account	11	6,673,920	5,118,944
		<u>21,409,723</u>	<u>17,182,362</u>

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**FOLKES PROPERTIES LIMITED**  
**REGISTERED NUMBER: 00836234**

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**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2021**

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The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

  
**S J Folkes**  
Director

Date: 29 September 2022

**FOLKES PROPERTIES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital	Share premium account	Investment property revaluation reserve	Other reserves	Profit and loss account	Total equity
	£	£	£	£	£	£
At 1 January 2021	10,000	111,494	10,759,984	1,181,940	5,118,944	17,182,362
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	-	4,227,361	4,227,361
<b>Other comprehensive income for the year</b>						
	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	4,227,361	4,227,361
Transfer to/from profit and loss account	-	-	-	-	(2,672,385)	(2,672,385)
Revaluation through profit and loss account	-	-	5,008,183	-	-	5,008,183
Deferred tax on revaluation	-	-	(2,335,798)	-	-	(2,335,798)
<b>Total other reserve movements</b>	-	-	2,672,385	-	(2,672,385)	-
<b>At 31 December 2021</b>	<b>10,000</b>	<b>111,494</b>	<b>13,432,369</b>	<b>1,181,940</b>	<b>6,673,920</b>	<b>21,409,723</b>

The notes on pages 5 to 15 form part of these financial statements.

**FOLKES PROPERTIES LIMITED**

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

	Called up share capital £	Share premium account £	Investment property revaluation reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2020	10,000	111,494	11,934,896	1,181,940	4,188,239	17,426,569
<b>Comprehensive income for the year</b>						
Loss for the year	-	-	-	-	(244,207)	(244,207)
<b>Other comprehensive income for the year</b>	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-	-	(244,207)	(244,207)
Transfer to/from profit and loss account	-	-	-	-	1,174,912	1,174,912
Revaluation through profit and loss account	-	-	(1,174,912)	-	-	(1,174,912)
<b>Total other reserve movements</b>	-	-	(1,174,912)	-	1,174,912	-
<b>At 31 December 2020</b>	<u>10,000</u>	<u>111,494</u>	<u>10,759,984</u>	<u>1,181,940</u>	<u>5,118,944</u>	<u>17,182,362</u>

The notes on pages 5 to 15 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Accounting policies**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

The following principal accounting policies have been applied:

**1.2 Exemption from preparing consolidated financial statements**

The Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the parent and Group are considered eligible for the exemption to prepare consolidated accounts.

**1.3 Going concern**

The Company continues to adopt the going concern basis in preparing its financial statements.

The directors have at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The COVID-19 pandemic and the war in Ukraine have so far had limited impact on our business and the Board of Directors believes that the Company is able to navigate through the continued uncertainty of these events due to the strength in the industrial property market and renewed sense of optimism going into 2022.

Cash flow forecasts are prepared annually as part of the planning and budgeting process and are monitored and reworked monthly, which show that the company will be able to repay its liabilities as they fall due. For this reason, the Company continues to adopt the going concern basis in preparing the financial statements.

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**FOLKES PROPERTIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. Accounting policies (continued)****1.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

**1.5 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**1.6 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**1. Accounting policies (continued)**

**1.7 Investment property**

Investment property is carried at fair value determined annually either by external valuers or the company's RICS qualified surveyor and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

**1.8 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**1.9 Debtors**

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**1.10 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.11 Creditors**

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**1.12 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

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**FOLKES PROPERTIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**1. Accounting policies (continued)****1.13 Financial instruments**

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2. Employees**

The Company has no employees other than the directors, who did not receive any remuneration (2020 - £NIL)

**FOLKES PROPERTIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**3. Taxation**

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	112,438	72,920
Adjustments in respect of previous periods	(22,230)	-
	<u>90,208</u>	<u>72,920</u>
 Group taxation relief payable	 72,094	 145,055
	<u>162,302</u>	<u>217,975</u>
 <b>Total current tax</b>	 <u>162,302</u>	 <u>217,975</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,252,385	(245,012)
Effect of tax rate change on opening balance	316,477	128,944
Adjustments in respect of prior periods	22,230	-
 <b>Total deferred tax</b>	 <u>1,591,092</u>	 <u>(116,068)</u>
 <b>Taxation on profit on ordinary activities</b>	 <u>1,753,394</u>	 <u>101,907</u>

**FOLKES PROPERTIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**3. Taxation (continued)**

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit/(loss) on ordinary activities before tax	5,980,755	(142,300)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	1,136,343	(27,037)
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	-	223,233
Effect of revaluation of investment properties	-	(223,233)
Effect of changes in tax rate	617,051	128,944
Adjustments to tax charge in respect of prior periods	(22,230)	-
Adjustments to tax charge in respect of prior periods - deferred tax	22,230	-
<b>Total tax charge for the year</b>	<b>1,753,394</b>	<b>101,907</b>

**Factors that may affect future tax charges**

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021, and the UK deferred tax liability/(asset) as at 31 December 2021 has been calculated based on this rate.

**FOLKES PROPERTIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. Fixed asset investment**

	Investments in subsidiary companies £
<b>Cost</b>	
At 1 January 2021	374,785
At 31 December 2021	<u>374,785</u>
<b>Impairment</b>	
At 1 January 2021	278,348
At 31 December 2021	<u>278,348</u>
<b>Net book value</b>	
At 31 December 2021	<u>96,437</u>
At 31 December 2020	<u>96,437</u>

**Subsidiary undertaking**

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
Newbank Construction (Halesowen) Limited	Forge House, Dudley Road, Stourbridge, DY9 8EL	Dormant	Ordinary	100%

The aggregate of the share capital and reserves as at 31 December 2021 and the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

Name	Aggregate of share capital and reserves
Newbank Construction (Halesowen) Limited	<u>97,017</u>

**FOLKES PROPERTIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**5. Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade debtors	95,871	192,532
Amounts owed by group undertakings	4,926,410	3,977,273
Other debtors	168,135	221,170
	<u>5,190,416</u>	<u>4,390,975</u>

**6. Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	535,801	635,656
	<u>535,801</u>	<u>635,656</u>

**7. Creditors: Amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,140	-
Amounts owed to group undertakings	4,416,000	4,416,000
Amounts owed to associates	104,400	104,400
Corporation tax	184,533	213,838
Other taxation and social security	143,010	211,796
Other creditors	595,308	609,041
	<u>5,444,391</u>	<u>5,555,075</u>

**FOLKES PROPERTIES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**8. Financial instruments**

	2021 £	2020 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	535,801	635,656
Financial assets that are debt instruments measured at amortised cost	5,190,416	4,390,975
	<u>5,726,217</u>	<u>5,026,631</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(5,116,848)</u>	<u>(5,129,441)</u>

**9. Deferred taxation**

	2021 £	2020 £
At beginning of year	(979,949)	(1,096,017)
Charged to the profit or loss	(1,591,092)	116,068
<b>At end of year</b>	<u>(2,571,041)</u>	<u>(979,949)</u>

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(267,710)	(202,252)
Short term timing differences	32,467	45,955
Capital gains / (losses)	(2,335,798)	(823,652)
	<u>(2,571,041)</u>	<u>(979,949)</u>

Deferred tax has been provided at 25% (2021 - 19%). In September 2022, the UK Government announced that the proposed increase in the UK Corporation Tax rate to 25% will no longer take effect and that the Corporation Tax rate will remain at 19%. As this proposed reduction was not substantively enacted at the Balance Sheet date, Deferred Tax continues to be recognised at the rate of 25%.

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**FOLKES PROPERTIES LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**10. Share capital**

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
10,000 (2020 - 10,000) Ordinary shares of £1.00 each	10,000	10,000

**11. Reserves****Share premium account**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium

**Investment property revaluation reserve**

The revaluation reserve includes the accumulated revaluation of investment properties of £15,768,167 less the deferred tax on this of £2,335,798.

**Other reserves**

Capital redemption reserve resulting from the purchase of own shares.

**Profit & loss account**

Includes all current and prior period retained profits and losses.

**12. Post balance sheet events**

There have been no events subsequent to 31 December 2021 that require disclosure in these financial statements.

**13. Controlling party**

The Company's immediate parent undertaking is John Folkes (Lye Forge) Limited, a company registered in England and Wales.

The Company's ultimate parent undertaking is Folkes Channel Islands Limited, a company registered in Jersey.

The Company's ultimate controlling party is Mr C J Folkes who has a beneficial interest in 51% of the voting rights of Folkes Channel Islands Limited.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**14. Auditors' information**

The auditors' report on the financial statements for the year ended 31 December 2021 was unqualified.

The audit report was signed on 29 September 2022 by Mark Evans (Senior statutory auditor) on behalf of Crowe UK LLP.