

Company Registration No: 03244100

**ESTATES & MANAGEMENT LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

TUESDAY



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## **ESTATES & MANAGEMENT LIMITED**

### **DIRECTORS AND OFFICERS**

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#### **DIRECTORS**

W K Procter  
M J Gaston  
P A Hallam

#### **SECRETARY**

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#### **REGISTERED OFFICE**

Berkeley House  
304 Regents Park Road  
London  
N3 2JX

#### **AUDITOR**

RSM UK Audit LLP  
Chartered Accountants  
3rd Floor  
One London Square  
Cross Lanes  
Guildford  
Surrey  
GU1 1UN

## **ESTATES & MANAGEMENT LIMITED**

### **DIRECTORS' REPORT**

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The directors submit their report and the audited financial statements for the year ended 31 December 2018.

#### **Principal Activities**

The principal activity of the company during the year was property management.

#### **Review of the business and future developments**

The directors consider the company's results for the year, and its financial position at year end, to be satisfactory.

#### **Results and dividends**

The profit for the year amounted to £5,890,509 (2017: £2,496,128). The directors declared a dividend of £16,000,0000 (2017: £nil).

#### **Directors**

The following directors have held office since 1 January 2018:

W K Procter

M J Gaston

P A Hallam (Appointed 10 July 2019)

## **ESTATES & MANAGEMENT LIMITED**

### **DIRECTORS' REPORT (continued)**

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#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. 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 auditor**

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. The directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

#### **Insurance of company officers**

The company has maintained insurance throughout the year for its directors and officers against the consequences of actions which may be brought against them in relation to their duties for the company.

#### **Auditor**

The auditor, RSM UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption. The directors have also taken the available exemption from the requirement to prepare a Strategic Report.

By order of the board:



**P A Hallam**  
Director

16 December 2019

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESTATES & MANAGEMENT LIMITED**

### **Opinion**

We have audited the financial statements of Estates & Management Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and 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 FRS 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 Auditor's 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.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information. 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESTATES & MANAGEMENT LIMITED (continued)**

### **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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has 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 Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, 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 is 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.

### **Auditor's 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 an auditor's report 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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our Auditor's Report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESTATES & MANAGEMENT LIMITED (continued)**

**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 an auditor's report 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.



Colin Roberts FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
3rd Floor  
One London Square  
Cross Lanes  
Guildford  
Surrey  
GU1 1UN

17 DECEMBER 2019

**ESTATES & MANAGEMENT LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2018**

	<b>Notes</b>	<b>2018 £</b>	<b>2017 £</b>
<b>Turnover</b>	2	18,001,626	12,675,808
Administrative expenses		(12,137,523)	(9,526,069)
<b>Operating profit</b>		<u>5,864,103</u>	<u>3,149,739</u>
Interest receivable and similar income	3	4,906	201
<b>Profit before taxation</b>	4	<u>5,869,009</u>	<u>3,149,940</u>
Taxation	6	21,500	(653,812)
<b>Profit after taxation</b>		<u>5,890,509</u>	<u>2,496,128</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>5,890,509</u>	<u>2,496,128</u>



**ESTATES & MANAGEMENT LIMITED****STATEMENT OF FINANCIAL POSITION (Company Registration Number: 03244100)****AT 31 DECEMBER 2018**

	Notes	2018 £	2017 £
<b>Current assets</b>			
Debtors	7	14,476,861	23,576,904
Cash at bank and in hand	8	3,534,849	4,334,912
		<u>18,011,710</u>	<u>27,911,816</u>
<b>Creditors: amounts falling due within one year</b>	9	(4,923,974)	(4,714,589)
<b>Net assets</b>		<u>13,087,736</u>	<u>23,197,227</u>
<b>Capital and reserves</b>			
Called up share capital	10	2,000,000	2,000,000
Profit and loss account		11,087,736	21,197,227
<b>Total equity</b>		<u>13,087,736</u>	<u>23,197,227</u>

The financial statements on pages 7 to 16 were approved by the board of directors and authorised for issue on 16/12/2019 and are signed on its behalf by:



**P A Hallam**  
Director

**ESTATES & MANAGEMENT LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

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	<b>Share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>Balance at 1 January 2017</b>	2,000,000	18,701,099	20,701,099
Profit for the year	-	2,496,128	2,496,128
<b>Balance at 31 December 2017</b>	<u>2,000,000</u>	<u>21,197,227</u>	<u>23,197,227</u>
Profit for the year	-	5,890,509	5,890,509
Dividend	-	(16,000,000)	(16,000,000)
<b>Balance at 31 December 2018</b>	<u>2,000,000</u>	<u>11,087,736</u>	<u>13,087,736</u>

# **ESTATES & MANAGEMENT LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **1. Accounting policies**

##### **Company information**

Estates & Management Limited ("the company") is a private company limited by shares, domiciled and incorporated in England. The address of the company's registered office and principal place of business is Berkeley House, 304 Regents Park Road, London, N3 2JX. The principal activity of the company during the year was that of property management.

##### **1.1 Basis of accounting**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost convention.

##### **1.2 Reduced disclosures**

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements;

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares.
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Fairhold Services Limited. The consolidated financial statements of Fairhold Services Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

##### **1.3 Going concern**

The company is party to a group funding structure. The directors are aware that the company's parent, Fairhold Services Limited, who is also party to that structure, has uncertainties in respect of its cash flows but the directors do not consider that those uncertainties will have a material impact upon the ability of the Company to continue as a going concern. These uncertainties are disclosed in the group accounts of Fairhold Services Limited. The directors have assessed the operation of the structure and have determined that the company has, or can expect to have, sufficient working capital for its needs for at least 12 months from the date of approval of these financial statements. In view of this the directors consider it appropriate for the financial statements to be prepared on a going concern basis.

##### **1.4 Functional and presentational currencies**

The financial statements are presented in sterling which is also the functional currency of the company.

## **ESTATES & MANAGEMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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##### **1.5 Turnover**

Turnover comprises management charges and administration fees receivable in respect of property management.

Turnover is recognised at the fair value of the consideration received or receivable for services provided to customers in the ordinary nature of the business.

##### **1.6 Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **1.7 Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument, and are offset only when the company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## **ESTATES & MANAGEMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **1.7 Financial instruments (continued)**

##### ***Financial assets***

###### ***Trade and other debtors***

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

##### ***Financial liabilities***

###### ***Trade and other creditors***

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

###### ***Derecognition of financial assets and liabilities***

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### **1.8 Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### ***Critical accounting estimates and assumptions***

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. There were no estimates and assumptions considered to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**ESTATES & MANAGEMENT LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2018****2. Turnover**

An analysis of the company's turnover by class of business is as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Continuing operations:		
Management charges	11,457,138	11,946,822
Administration fees	2,344,488	728,986
Lease reading fees	200,000	-
Compensation on waiving contractual rights	4,000,000	-
	<u>18,001,626</u>	<u>12,675,808</u>

The company's turnover and profit before taxation have been derived from its principal activity wholly undertaken in the United Kingdom.

The compensation income represents a one-off receipt from a third party for the company waiving its rights under a contractual arrangement. Under the arrangement the company had been entitled to receive remuneration for providing services in relation to a portfolio of flats owned by that third party. During the year the third party divested its interest in these assets to a separate third party and as such the company is no longer able to earn income from the provision of these services and earned compensation for the waiver of its contractual rights.

**3. Interest receivable and similar income**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Bank interest receivable	4,906	201
	<u>4,906</u>	<u>201</u>

**4. Profit before taxation**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
The profit before taxation is stated after charging:		
- Auditor's remuneration	23,940	10,000
	<u>23,940</u>	<u>10,000</u>

**5. Employees and directors**

There were no employees during the year other than the directors (2017: nil). The directors are remunerated by the parent company Fairhold Services Limited. It is not possible to identify separately the amount of the directors' remuneration attributable to services performed for the company.

# ESTATES & MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

### 6. Taxation

	2018 £	2017 £
<b>Current tax</b>		
UK corporation tax	120,954	653,812
UK corporation tax refund for prior years	(142,454)	-
<b>Total current tax</b>	<u>(21,500)</u>	<u>653,812</u>
<b>Deferred tax:</b>		
Origination and reversal of only differences	-	-
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Total tax on profit</b>	<u>(21,500)</u>	<u>653,812</u>

Factors affecting the tax charge for the year.

The tax assessed for the year is lower than the effective rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £	2017 £
Profit before tax	5,869,009	3,149,940
Profit multiplied by the effective rate of corporation tax in the UK of 19.00% (2017: 19.25%).	<u>1,115,112</u>	<u>606,363</u>
Effects of:		
Change in tax rate	-	(115)
Disallowable expenditure	168	-
Group relief received without charge	(1,050,772)	(5,960)
UK transfer pricing	56,448	53,524
Refund of tax for prior years	(142,454)	-
<b>Tax (credit)/expense</b>	<u>(21,500)</u>	<u>653,812</u>

### 7. Debtors

	2018 £	2017 £
Amounts owed by parent undertaking	14,014,234	23,121,706
Prepayments and accrued income	462,627	455,198
	<u>14,476,861</u>	<u>23,576,904</u>

There are no fixed terms of repayment for the parent undertaking loans included within short term debtors. Even though these loans are repayable on demand it is not expected that these loans will be repaid within the foreseeable future as the counterparties have agreed not to call balances unless sufficient funds are available to enable payments to be made without causing hardship to the other party.

# ESTATES & MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

### 8. Cash at bank and in hand

Included within the company's cash at bank and in hand balance are amounts totalling £3.5m (2017: £4.3m) in respect of amounts collected by the company in its capacity as a property managing agent. These amounts are held in trust for other parties and are repayable immediately if demanded.

### 9. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	155,648	86,548
Accruals and deferred income	567,980	515,874
Corporation tax	665,497	653,812
Other creditors	3,534,849	3,458,355
	<u>4,923,974</u>	<u>4,714,589</u>

### 10. Share capital and reserves

#### Share capital

	2018 £	2017 £
Allotted, issued and fully paid: 2,000,000 ordinary shares of £1	<u>2,000,000</u>	<u>2,000,000</u>

#### Ordinary share rights

The company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

#### Reserves

Reserves of the company represent the following:

#### Retained earnings

Cumulative profit and loss net of distributions to owners

### 11. Parent company, ultimate parent company and ultimate controlling party

The immediate parent company is Fairhold Services Limited, a company incorporated in England and Wales. This undertaking is the holding company of both the largest and smallest group for which group accounts are prepared and of which the company is a member. Copies of the financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ.

The directors regard the ultimate holding company to be Euro Investments Overseas Incorporated, a company incorporated in the British Virgin Islands.

The ultimate controlling party is the Tchenguiz Family Trust.



**12. Related party transactions**

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

During the year the company had a turnover of £11.1m (2017: £9.3m) in respect of property management and administrative services provided to related party property owning companies, not covered by the related party disclosures exemption. The individual companies have not been listed out due to the immaterial nature of the individual balances coupled with the fact that they all fall under the ultimate control of the Tchenguiz Family Trust. These companies are related by virtue of common directors and/or common control.

During the year the company had a turnover of £276k (2017: £nil) in respect of property management and administrative services provided to Fairthatch GR Limited, a company related by virtue of common directors.

**13. Guarantees and contingent liabilities**

The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other participating group undertakings' unpaid debts in this connection.