

Escafeld Estates Ltd

**Directors' report and financial
statements for the year
ended 31 July 2012**

Registered number 04264833

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Contents

Directors' report	2-3
Statement of directors' responsibilities	4
Report of the independent auditors to the members of Escafeld Estates Limited	5
Profit and loss account	6
Statement of Total Recognised Gains and Losses	6
Balance sheet	7
Notes	8-12

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31st July 2012

Principal activities

The principal activity of the company is the sale of property formerly owned by The University of Sheffield

Business review

Principal risks and uncertainties

The nature of the company's principal activity dictates that fluctuations in the property market will affect prices received for property stock. The price received for individual properties will be determined by property prices in the local market.

Review of the year

The company made a loss for the year of £158,067 (2011 £741,771 loss)

Financial Key Performance Indicators

Property sales during the year were £305,500 (2011 nil)

Property stocks at 31 July 2012 were £12,015,505 (2011 £12,215,185)

Interest receivable for the year ended 31 July 2012 was £132,624 (2011 £88,967)

Cash invested at 31 July 2012 was £11,499,328 (2011 £11,274,496)

Post balance sheet events

On 18 July 2012 the Directors passed a resolution in accordance with the Companies Act 2006 Section 644 to reduce the share capital from 1000 to 2 ordinary shares and to eliminate the Share Premium Reserve by means of solvency statement and statement of capital. This transaction was effective on 7 August 2012 the date registered by Companies House. This transaction is a non adjusting balance sheet event.

Going Concern

The directors have no concerns over the going concern of the company. The Balance Sheet position shows net assets of £23.3m, £11.5m of which is made up of liquid assets and the company has no outstanding loans. The company is a wholly owned subsidiary of the University of Sheffield which will provide ongoing support to the company in the unlikely event of it needing to do so.

Proposed dividend

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements. The directors do not recommend the payment of a dividend.

Directors and directors' interests

The directors who held office during the period were as follows

D J Damment
R Rabone

None of the directors held shares in the company or any group companies as at the 31st July 2012

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By order of the board

A handwritten signature in black ink, appearing to read 'R Rabone', with a long horizontal stroke extending to the right.

R Rabone
Director

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditors report to the members of Escafeld Estates Limited

We have audited the financial statements of Escafeld Estates Limited for the year ended 31 July 2012 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

S R Clark

Stephen Clark

(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 The Embankment, Neville Street

Leeds, LS1 4DW

Date

15/1/2013

Profit and loss account
year ended 31 July 2012

	<i>Note</i>	2012 £	2011 £
Turnover	2	305,500	-
Cost of sales		211,417	765,000
Gross profit / (loss)		94,083	(765,000)
Administrative expenses		377,219	265,005
Operating loss		(283,136)	(1,030,005)
Other Income	3	193,383	199,267
Other interest receivable and similar income		132,624	88,967
Gift aid payment		200,938	-
Loss on ordinary activities before taxation	4	(158,067)	(741,771)
Tax on profit on ordinary activities	6	-	-
Loss on ordinary activities after taxation		(158,067)	(741,771)

All of the company's activities are generated by continuing operations


Statement of Total Recognised Gains and Losses
year ended 31 July 2012

	2012 £	2011 £
Loss on ordinary activities after taxation	(158,067)	(741,771)
Release from Merger Reserve	-	-
Total Recognised Gains and Losses	(158,067)	(741,771)

Balance sheet
at 31st July 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets			-	-	-
			-	-	-
Current assets					
Stock	7	12,015,505	12,215,185		
Debtors and prepayments	8	73,255	70,874		
Investment		11,499,328	11,274,496		
Cash at bank and in hand		94,637	15,330		
		23,682,725	23,575,885		
Creditors amounts falling due within one year	9	(347,874)	(82,967)		
Net assets			23,334,851		23,492,918
Capital and reserves					
Called up share capital	10		1,000		1,000
Share Premium	11		41,950,559		41,950,559
Profit and loss account	12		(18,616,708)		(18,458,641)
Shareholders' funds			23,334,851		23,492,918

These financial statements were approved by the board of directors on 7 December 2012 and were signed on its behalf by



R Rabone
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

Going Concern

The accounts have been prepared on a going concern basis which the directors believe to be appropriate. The company's immediate parent undertaking has indicated that it will continue to provide the company with support for the 12 months from the date of approval of these financial statements

Deferred taxation

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Stock

Stock comprises of residential property for the purpose of resale and is valued at the lower of cost and net realisable value

2 Turnover

Turnover is attributable to the principal activity of the company

3 Other income

Other income includes rental income on student properties of £193,383 (2011 £198,180)

4 Loss on ordinary activities before taxation

	2012 £	2011 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration Audit	3,180	3,273

5 Remuneration of directors

The directors received no emoluments in respect of their services to the company during the year (2011 nil)

6 Taxation on profit on ordinary activities

There is no taxation charge arising in the period (2011 nil)

Deferred taxation:

No provision has been made for deferred tax. The total amount un-provided at 31st July 2012 is £1,853,404 (2011 £1,995,832). No liability is expected to crystallise in the future.

The deferred tax liabilities and assets disclosed in these accounts have been calculated using the rate of 25.33% following the reduction to the rate of corporation tax announced.

Analysis of amounts un-provided

	2012 £	2011 £
Chargeable gains on appropriation to stock	2,256,343	2,431,760
Trading losses carried forward	(402,939)	(435,928)
Losses on rental business carried forward	-	-
Total un-provided	1,853,404	1,995,832

The Company acquired its property portfolio from its parent, the University Of Sheffield ("The University"), by intra-group transfer on 20 September 2004. The properties were acquired at market value on the transfer date and immediately appropriated to stock. The Company has elected under Section 161 TCGA 1992 that, for the purposes of calculating the Company's trading profits chargeable to corporation tax, the chargeable gains arising on the appropriation of the properties to stock will be recognised on the sale to a third party purchaser in the accounting period in which a sale takes place.

The Company has signed a Deed of Covenant for the benefit of The University the effect of which is that the Company's chargeable profits, as adjusted for taxation, are payable in full to The University within a nine month period from the end of the Company's accounting period. The covenanted payment will reduce the Company's chargeable profits to Nil in any accounting period and no liability to corporation tax will therefore arise on the Company's trading profits. The chargeable gains on the appropriation to stock will be included in the annual covenanted payment to The University and therefore no provision for deferred taxation is required.

Factors affecting the tax charge for the current period

Current tax on income for the period is lower than the standard rate of corporation tax in the UK (25.33% 2011 27.33%) The differences are explained below

	2012 £	2011 £
<i>Current tax reconciliation</i>		
Profit / (loss) on ordinary activities before tax	(158,067)	(741,771)
Current tax at 25.33% (27.33%)	(40,038)	(202,726)
<i>Effects of</i>		
Expenses not deductible for tax purposes	1,246	137
Stock adjustment	49,277	-
Chargeable gains realised on sale of stock	-	-
Release of merger reserve	-	-
Losses of the period not recognised	-	210,117
Effect of rate change on deferred tax calculations	-	(359,810)
Movement on deferred tax not recognised	-	359,810
Losses brought forward and utilised	(10,485)	(7,528)
Deed of covenant provided	50,898	-
Deed of covenant paid within 9 months	(50,898)	-
Total current tax charge (see above)	-	-

7 Stock

	2012 £	2011 £
Goods for resale	12,015,505	12,215,185

8 Debtors

	2012 £	2011 £
Amounts owed by group undertakings	47,946	49,545
Prepayments	2,067	2,049
Other debtors	23,242	19,280
	73,255	70,874

9 Creditors' amounts falling due within one year

	2012 £	2011 £
Trade Creditors	1,841	1,947
Amounts owed to group undertakings	337,845	59,313
Accruals and deferred income	8,188	21,707
	347,874	82,967

10 Called up share capital

	2012 £	2011 £
<i>Authorised</i>		
Equity 1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity 1,000 Ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and unpaid</i>		
Equity Ordinary shares of £1	-	-
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>

11 Share premium

	2012 £	2011 £
Balance brought forward and carried forward	41,950,559	41,950,559
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12 Profit and loss account reserve

	2011 £	2011 £
Balance brought forward	(18,458,641)	(17,716,870)
Accumulated loss for the period	(158,067)	(741,771)
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Balance carried forward	(18,616,708)	(18,458,641)
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13 Related party disclosure

As a wholly owned subsidiary of The University of Sheffield, the company is exempt from the requirements of FRS 8 to disclose transactions and balances with other members of the group headed by The University of Sheffield. The directors consider that the ultimate parent undertaking and controlling related party of this company is The University of Sheffield, by virtue of its 100% shareholding in this company.

14 Reconciliation of movements in shareholders' funds

	2012	2011
	£	£
Loss for the period	(158,067)	(741,771)
Opening shareholders' equity funds	23,492,918	24,234,689
Closing shareholders' equity funds	23,334,851	23,492,918

15 Capital Commitments

The company had no outstanding capital commitments at the period end (2011 nil)

16 Post balance sheet events

On 18 July 2012 the Directors passed a resolution in accordance with the Companies Act 2006 Section 644 to reduce the share capital from 1000 to 2 ordinary shares and to eliminate the Share Premium Reserve by means of solvency statement and statement of capital. This transaction was effective on 7 August 2012 the date registered by Companies House. This transaction is a non adjusting balance sheet event.

17 Ultimate Parent Company

The company is a wholly owned subsidiary undertaking of the University of Sheffield. The consolidated accounts of this group may be obtained from the University of Sheffield, Firth Court, Western Bank, Sheffield, S10 2TN.