

Escafeld Estates Ltd

**Directors' report and financial
statements for the year
ended 31 July 2016**

Registered number 04264833

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31st July 2016.

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 profit on ordinary activities for the year after taxation of £1,225, before gift aid payments and dividends, (2015 restated: £24,964 profit before gift aid payments and dividends). The gift aid payment in the year was £1,531 (2015: £2,936,690).

On 15 July 2016 £1.0m was paid to the University of Sheffield as a cash dividend approved by the directors.

Financial Key Performance Indicators

No property sales were made during the year (2015: nil)

Property stocks at 31 July 2016 were £1,210,000 (2015: £1,210,000)

Interest receivable for the year ended 31 July 2016 was £14,139 (2015: £31,488)

Cash invested at 31 July 2016 was nil (2015: £303,281)

Going Concern

The directors have no concerns over the going concern of the company. The Balance Sheet position shows net assets of £4.3m, of which £3.3m 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 further dividend.

Directors and directors' interests

The directors who held office during the period were as follows:

D J Damment
R Rabone
H Dingle

None of the directors held shares in the company or any group companies as at the 31st July 2016.

Auditor

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 auditor

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 auditor is 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 auditor is aware of that information.

Registered Office:

Firth Court

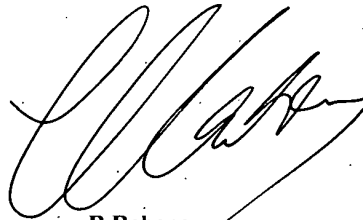
Western Bank

Sheffield

S10 2TN

By order of the board

Signed on behalf of the directors

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

R Rabone

Director

Approved by the directors on 2 November 2016

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), including FRS 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ESCAFELD ESTATES LIMITED

We have audited the financial statements of Escafeld Estates Limited for the year ended 31 July 2016 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *the Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

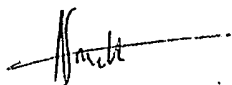
- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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; or

- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Andrew Smith
Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
1 St. Peter's Square
Manchester
M2 3AE

7 November 2016

Profit and loss account
year ended 31st July 2016

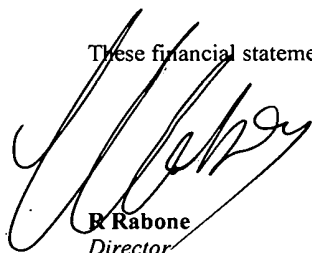
	<i>Note</i>	2016 £	2015 Restated £
Turnover	2	-	-
Cost of sales		-	-
Gross Loss		-	-
Administrative expenses		(20,616)	(13,823)
Operating Loss		(20,616)	(13,823)
Other Income	3	8,008	6,337
Other interest receivable and similar income		14,139	31,488
Profit on ordinary activities before taxation	4	1,531	24,002
Tax on profit on ordinary activities	6	(306)	962
Profit on ordinary activities after taxation		1,225	24,964
Dividend		(1,000,000)	-
Gift aid payment	7	(1,531)	(2,936,690)
Tax credit on Gift Aid Payment		306	4,960
Loss on ordinary activities after taxation, dividends and gift aid		(1,000,000)	(2,906,766)

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

Balance sheet
at 31st July 2016

	Note	2016	2015
		Restated	Restated
		£	£
Fixed assets			
Tangible assets		-	-
		<hr/>	<hr/>
		-	-
Current assets			
Stock	8	1,210,000	1,210,000
Debtors and prepayments	9	7,414	2,678,415
Investment		-	303,281
Cash at bank and in hand	10	3,291,031	1,316,128
		<hr/>	<hr/>
		4,508,445	5,507,824
Creditors: amounts falling due within one year	11	(35,865)	(35,244)
		<hr/>	<hr/>
Net current assets		4,472,580	5,472,580
		<hr/>	<hr/>
Total assets less current liabilities		4,472,580	5,472,580
		<hr/>	<hr/>
Provisions for liabilities			
Provision for deferred tax	12	(176,782)	(176,782)
		<hr/>	<hr/>
Net assets		4,295,798	5,295,798
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	13	2	2
Share Premium		-	-
Profit and loss account	14	4,295,796	5,295,796
		<hr/>	<hr/>
Shareholders' funds	16	4,295,798	5,295,798
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 2 November 2016 and were signed on its behalf by:


R Rabone
Director

***Cash Flow Statement
for year ended at 31st July 2016***

	Note	2016 £	2015 £
Cash flows from operating activities			
Loss for the year		(1,000,000)	(2,906,766)
Adjustments for:			
Interest receivable and similar income		(14,139)	(31,488)
(Increase)/decrease in trade and other debtors		2,671,001	706
(Decrease)/increase in trade and other creditors		(910)	(148,147)
(Decrease)/increase in provisions		-	(5,922)
Dividends paid		1,000,000	-
Gift aid paid		1,531	2,936,690
Cash from operating activities		<u>2,657,483</u>	<u>(154,927)</u>
Tax paid		-	-
Net cash from operating activities		<u>2,657,483</u>	<u>(154,927)</u>
Net cash from investing activities		<u>14,139</u>	<u>31,488</u>
Cash flows from financing activities			
Dividends paid		(1,000,000)	-
Gift aid paid		-	(5,445,942)
Net cash from financing activities		<u>(1,000,000)</u>	<u>(5,445,942)</u>
Net increase/(decrease) in cash and cash equivalents		1,671,622	(5,569,381)
Cash and cash equivalents at 1 August		1,619,409	7,188,790
Cash and cash equivalents at 31 July		<u>3,291,031</u>	<u>1,619,409</u>

Notes

(forming part of the financial statements)

1 Accounting policies

Escafeld Estates Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied.

In the transition to FRS 102 from old UK GAAP, the Company has recognised deferred taxation. An explanation of how the transition to FRS 102 has affected the financial position and financial performance of the company is provided in note 20.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company's parent undertaking, the University of Sheffield ("The University"), includes the Company in its consolidated financial statements. The consolidated financial statements of The University are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the University of Sheffield, Western Bank, Sheffield S10 2TN. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under paragraph 1.12 of FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Key Management Personnel compensation;
- Certain disclosures required by FRS 102.26 *Share Based Payments*; and
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 19.

Basis of preparation

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

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

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 comprises rental income of £8,008 (2015: £6,337).

4 Profit on ordinary activities before taxation

	2016 £	2015 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration: Audit	3,498	3,432

5 Remuneration of directors

The directors received no emoluments in respect of their services to the company during the year (2015: nil).

6 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	£	2016 £	£	2015 £
<i>Current tax</i>				
Current tax on income for the period	306		4,960	
Adjustments in respect of prior periods	0		0	
		<u>306</u>		<u>4,960</u>
Total current tax		306		4,960
<i>Deferred tax (see note 12)</i>				
Origination and reversal of timing differences	0		0	
Change in tax rate	0		(5,922)	
		<u>0</u>		<u>(5,922)</u>
Total deferred tax		0		(5,922)
		<u>306</u>		<u>(962)</u>
Total tax		<u>306</u>		<u>(962)</u>

	£	£	2016 £	£	£	2015 £
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in Profit and loss account	306	0	306	4,960	(5,922)	(962)
Recognised in other comprehensive income						
Recognised directly in equity	(306)	0	(306)	(4,960)	0	(4,960)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(5,922)</u>	<u>(5,922)</u>

Analysis of current tax recognised in profit and loss

	2016 £	2015 £
UK corporation tax	306	4,960
Double taxation relief	0	0
Foreign tax	0	0
	<u>306</u>	<u>4,960</u>
Total current tax recognised in profit and loss	<u>306</u>	<u>4,960</u>

Reconciliation of effective tax rate

	2016 £	2015 £
Profit for the year	1,531	24,002
Total tax expense	(306)	(962)
Profit excluding taxation	1,225	24,964
Tax using the UK corporation tax rate of 20.00% (2015:20.67%)	306	4,960
Effect of tax rates in foreign jurisdictions	0	0
Difference in tax rate on gain on sale of discontinued operation	0	0
Reduction in tax rate on deferred tax balances	0	(5,922)
Non-deductible expenses	0	0
Tax exempt revenues	0	0
Recognition of previously unrecognised tax losses	0	0
Current year losses for which no deferred tax asset was recognised	0	0
Under / (over) provided in prior years	0	0
Total tax expense included in profit or loss	306	(962)

Deferred taxation was provided at 20.67% in 2014 following the restatement of the closing balance sheet under FRS102. The rates at which the liabilities are expected to crystallise in future years reduced to 20.00% in 2015 and resulted in a reduction in the deferred tax provision.

7 Gift Aid payable

	2016 £	2015 £
Gift Aid paid / payable for the year	(1,531)	(2,936,690)
Gift Aid shown in the profit and loss account	<u>(1,531)</u>	<u>(2,936,690)</u>

8 Stock

	2016 £	2015 £
Goods for resale	<u>1,120,000</u>	<u>1,120,000</u>

9 Debtors

	2016 £	2015 £
Amounts owed by group undertakings	6,216	3,108
Prepayments	255	187
Other debtors	943	2,675,120
	<u>7,414</u>	<u>2,678,415</u>

10 Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	3,291,031	1,316,128
Cash on deposit	-	303,281
	<u>3,291,031</u>	<u>1,619,409</u>
Cash and cash equivalents per cash flow statements	<u>3,291,031</u>	<u>1,619,409</u>

11 Creditors: amounts falling due within one year

	2016 £	2015 £
Trade Creditors	-	-
Amounts owed to group undertakings	6,836	6,259
Amounts owed to group undertakings – gift aid	1,531	-
Accruals and deferred income	27,498	28,985
	<u>35,865</u>	<u>35,244</u>

12 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2016 £	2015 £	Liabilities 2016 £	2015 £	Net 2016 £	2015 £
Gains held over into stock allowances	0	0	176,782	176,782	176,782	176,782
Employee benefits	0	0	0	0	0	0
Unused tax losses	0	0	0	0	0	0
Other						
	<u>0</u>	<u>0</u>	<u>176,782</u>	<u>176,782</u>	<u>176,782</u>	<u>176,782</u>
Tax (assets) / liabilities	0	0	176,782	176,782	176,782	176,782
Net of tax liabilities/(assets)						
	<u>0</u>	<u>0</u>	<u>176,782</u>	<u>176,782</u>	<u>176,782</u>	<u>176,782</u>

The deferred tax liability will reverse on the sale of properties from stock. Full reversal is anticipated in the next accounts period.

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, must be paid 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 Company recognises the payment to be made under the Deed of Covenant in the accounts and the associated tax credit is recognised in equity. The resulting corporation tax liability due on profits for the period will therefore be Nil.

13 Called up share capital

	2016 £	2015 £
<i>Authorised</i>		
Equity: 2 Ordinary shares of £1 each	2	2
	<hr/>	<hr/>
	2	2
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity: 2 Ordinary shares of £1 each	2	2
	<hr/>	<hr/>
<i>Allotted, called up and unpaid</i>		
Equity: Ordinary shares of £1	-	-
	<hr/>	<hr/>
	2	2
	<hr/>	<hr/>

14 Profit and loss account reserve

	2016 £	2015 £
Balance brought forward	5,295,796	8,202,562
Accumulated loss for the period	(1,000,000)	(2,906,766)
	<hr/>	<hr/>
Balance carried forward	4,295,796	5,295,796
	<hr/>	<hr/>

15 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.

16 Reconciliation of movements in shareholders' funds

	2016 £	2015 £
Loss for the period	(1,000,000)	(2,906,766)
Opening shareholders' equity funds	5,295,798	8,202,564
	<hr/>	<hr/>
Closing shareholders' equity funds	4,295,798	5,295,798

17 Capital Commitments

The company had no outstanding capital commitments at the period end (2015: nil).

18 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.

19 Accounting estimates and judgements

Debtors (note 9) primarily comprise amounts owed within the Group and are judged to be fully recoverable.

The deferred tax liability (note 12) will reverse on the sale of properties from stock. The property sales are anticipated to take place during the financial period ending 31 July 2017.

20 Explanation of transition to FRS 102 from old UK GAAP

As stated in note 1, these are the company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 July 2016 and the comparative information presented in these statements for the year ended 31 July 2015.

In preparing its FRS 102 balance sheet the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting UK GAAP. An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables.

Reconciliation of equity

	1 August 2014 UK GAAP	1 August 2014 Effect of transition to FRS 102	1 August 2014 FRS 102	31 July 2015 UK GAAP	31 July 2015 Effect of transition to FRS 102	31 July 2015 FRS 102
	£	£	£	£	£	£
Fixed assets						
Tangible assets	-	-	-	-	-	-
	-	-	-	-	-	-
Current assets						
Stock	1,210,000		1,210,000	1,210,000		1,210,000
Debtors and prepayments	2,679,121		2,679,121	2,678,415		2,678,415
Investment	302,655		302,655	303,281		303,281
Cash at bank and in hand	6,886,135		6,886,135	1,316,128		1,316,128
	11,077,911		11,077,911	5,507,824		5,507,824
Creditors: amounts falling due within one year	(2,692,643)		(2,692,643)	(35,244)		(35,244)
Net current assets	8,385,268		8,385,268	5,472,580		5,472,580

	1 August 2014 UK GAAP	1 August 2014 Effect of transition to FRS 102	1 August 2014 FRS 102	31 July 2015 UK GAAP	31 July 2015 Effect of transition to FRS 102	31 July 2015 FRS 102
	£	£	£	£	£	£
Total assets less current liabilities	8,385,268		8,385,268	5,472,580		5,472,580
Provisions for liabilities						
Provision for deferred tax	-	(182,704)	(182,704)	-	(176,782)	(176,782)
Net assets	8,385,268	(182,704)	8,202,564	5,472,580	(176,782)	5,295,798
Capital and reserves						
Called up share capital	2		2	2		2
Share Premium	-		-	-		-
Profit and loss account	8,385,266	(182,704)	8,202,562	5,472,578	(176,782)	5,295,796
Shareholders' funds	8,385,268	(182,704)	8,202,564	5,472,580	(176,782)	5,295,798

Reconciliation of loss for year ended 31 July 2015

	UK GAAP	Effect of transition to FRS 102	FRS 102
	£	£	£
Turnover	-		-
Cost of Sales	-		-
Gross Loss	-		-
Administrative expenses	(13,823)		(13,823)
Operating loss	(13,823)		(13,823)
Other Income	6,337		6,337
Other interest receivable and similar income	31,488		31,488
Profit on ordinary activities before taxation	24,002		24,002
Tax on profit on ordinary activities	-	962	962
Profit on ordinary activities after taxation	24,002	962	24,964

Reconciliation of loss for year ended 31 July 2015 (continued)

	UK GAAP	Effect of transition to FRS 102	FRS 102
	£	£	£
Dividend	-	-	-
Gift aid payment	(2,936,690)	-	(2,936,690)
Tax credit on Gift aid payment	-	4,960	4,960
	<hr/>	<hr/>	<hr/>
Loss on ordinary activities after taxation, dividend and gift aid	(2,912,688)	5,922	(2,906,766)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>