Escafeld Estates Ltd

Directors' report and financial statements for the year ended 31 July 2019

Registered number 04264833

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 July 2019.

Principal activities

The principal activity of the company is the sale of property formerly owned by the University of Sheffield. The Directors have applied the small companies' exemption not to prepare a strategic report.

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 of £30,932, *(2018: £3,510,528 profit)*. The results for 2018/19 included overage receipts of £3,303,365. The gift aid payment in the year was £30,932 *(2018: £3,993,254)*.

Financial Key Performance Indicators

No property sales were made during the year *(2018: £655,000)*

No overage was received during the year *(2018: £3,303,365)*

Property stocks at 31 July 2019 were £760,000 *(2018: £760,000)*

Interest receivable for the year ended 31 July 2019 was £48,977 *(2018: £26,945)*

Cash invested at 31 July 2019 was nil *(2018: nil)*

Going Concern

The directors have no concerns over the going concern of the company. The Balance Sheet position shows net assets of £3.9m, of which £0.3m 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 dividend.

Directors and directors' interests

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

D J Damment
H Dingle
V Jackson

None of the directors held shares in the company or any group companies as at the 31 July 2019.

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

H Dingle
Director

Approved by the directors on 14 November 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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), 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 AUDITOR'S REPORT TO THE MEMBERS OF ESCAFELD ESTATES LIMITED

Opinion

We have audited the financial statements of Escafeld Estates Limited ("the company") for the year ended 31 July 2019 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of debtor balances and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effect are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardized firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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

(continued)

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

The purpose of our audit work and to whom we owe our responsibilities

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.

Clare Partridge (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Leeds
LS1 4DA

15 November 2019

Statement of Income and Retained Earnings
year ended 31st July 2019

	Note	2019	2018
		£	£
Turnover	2	-	3,958,365
Cost of sales		-	(460,822)
Gross Profit / (Loss)		-	3,497,543
Administrative expenses		**(18,045)**	(22,668)
Operating Profit / (Loss)		**(18,045)**	3,474,875
Other Income	3	-	8,708
Other interest receivable and similar income		**48,977**	26,945
Profit on ordinary activities before taxation	4	**30,932**	3,510,528
Tax on profit on ordinary activities	6	-	91,718
Profit on ordinary activities after taxation		**30,932**	3,602,246
Dividend		-	-
Gift aid payment		**(30,932)**	(3,993,254)
Tax credit on Gift aid payment		-	-
Profit / (Loss) for the financial year after taxation and gift aid		-	(391,008)
Balance brought forward		**3,913,627**	4,304,635
Balance carried forward		**3,913,627**	3,913,627

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

Balance Sheet
at 31st July 2019

	Note		2019		2018
		£	£	£	£
Fixed assets					
Tangible assets			-		-
			-		-
Current assets					
Stock	8	**760,000**		760,000	
Debtors and prepayments	9	**2,249**		14,779	
Investment		-		-	
Cash at bank and in hand	10	**3,284,145**		7,229,178	
		4,046,394		8,003,957	
Creditors: amounts falling due within one year	11	**(53,040)**		(4,010,603)	
Net current assets			**3,993,354**		3,993,354
Total assets less current liabilities			**3,993,354**		3,993,354
Provisions for liabilities			**(3,500)**		(3,500)
Provision for deferred tax	12		**(76,225)**		(76,225)
Net assets			**3,913,629**		3,913,629
Capital and reserves					
Called up share capital	13		**2**		2
Profit and loss account			**3,913,627**		3,913,627
Shareholders' funds			**3,913,629**		3,913,629

These financial statements were approved by the Board of Directors on 14 November 2019 were signed on its behalf by:

H Dingle

Director

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.

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:

- Key Management Personnel compensation;
- The requirement of Section 7 *Statement of Cash Flows*;
- 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.
- The requirement of Section 33 *Related Party Disclosures* paragraph 33.7.

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 16.

Basis of preparation

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

Turnover

Revenue shown in the Statement of Income and Retained Earnings is recognised on an earned basis and is 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 Statement of Income and Retained Earnings.

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 is it 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 being the sale of property formerly owned by the University of Sheffield. In 2018/19 property sales were nil *(2018: £655,000)* and overage receipts were nil *(2018: £3,303,365)*.

3 Other income

Other income nil (*2018: £8,708 comprises rental income*).

4 Profit on ordinary activities before taxation

	2019	2018
	£	£
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration:		
Audit	**4,412**	3,444

5 Remuneration of directors

The directors received no emoluments in respect of their services to the company during the year *(2018: nil)*.

6 Taxation

Total tax expense recognised in the Statement of Income and Retained Earnings and equity

		2019		2018
	£	**£**	£	£
Current tax				
Current tax expense for the period	-		-	
Total current tax		-		-
Deferred tax (see note 12)				
Release of deferred tax on held over gains	-		(91,718)	
Change in tax rate	-		-	
Total deferred tax		-		(91,718)
Total tax		-		(91,718)

		2019				2018
	£	**£**	**£**	£	£	£
	Current tax	**Deferred tax**	**Total tax**	Current tax	Deferred tax	Total tax
Recognised in Statement of Income and Retained Earnings	-	-	-	-	(91,718)	(91,718)
Recognised directly in equity	-	-	-	-	-	-
Total tax	-	-	-	-	(91,718)	(91,718)

Analysis of current tax recognised in Statement of Income and Retained Earnings

	2019	2018
	£	£
UK corporation tax	-	(91,718)
Total current tax recognised in Statement of Income and Retained Earnings	-	**(91,718)**

(8

Reconciliation of tax expense

	2019	2018 (restated)
	£	£
Profit for the year	**30,932**	3,510,528
Tax using the UK corporation tax rate of 19.00% (2018: 19.00%)	**5,877**	667,000
Reduction in tax rate on deferred tax balances GA relief	**-**	-
Relief for gift aid payable	**(5,877)**	(758,718)
Total tax expense included in profit or loss	**-**	(91,718)

7 Gift Aid payable

	2019	2018
	£	£
Gift Aid paid / payable for the year	**(30,932)**	(3,993,254)
Gift Aid shown in the Statement of Income and Retained Earnings	**(30,932)**	(3,993,254)

8 Stock

	2019	2018
	£	£
Goods for resale	**760,000**	760,000

9 Debtors

	2019	2018
	£	£
Amounts owed by group undertakings	**-**	12,432
Prepayments	**171**	167
Other debtors	**2,078**	2,180
	2,249	14,779

10 Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	**3,284,145**	7,229,178
	3,284145	7,229,178

11 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade Creditors	**-**	-
Amounts owed to group undertakings	**9,106**	7,737
Amounts owed to group undertakings – gift aid	**30,932**	3,993,254
Accruals and deferred income	**13,002**	9,612
	53,040	4,010,603

12 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2019 £	2018 £	Liabilities 2019 £	2018 £	Net 2019 £	2018 £
Gains held over into stock allowances	**76,225**	-	**76,225**	76,225	**76,225**	76,225
Employee benefits	-	-	-	-	-	-
Unused tax losses	-	-	-	-	-	-
Other						
Tax (assets) / liabilities	**76,225**	-	**76,225**	76,225	**76,225**	76,225
Net of tax liabilities/(assets)						
Net tax (assets) / liabilities	**76,225**	-	**76,225**	76,225	**76,225**	76,225

The deferred tax liability, provided at 18.33%, 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 at market value on the transfer date and immediately appropriated these to stock. The Company elected under Section 161 TCGA 1992, for the purposes of calculating the Company's trading profits chargeable to corporation tax, that the chargeable gains arising on appropriation of the properties to stock will be recognised on sale to a third party purchaser in the accounting period in which a sale takes place.

The Company signed a Deed of Covenant for the benefit of The University to pay the Company's annual chargeable profits, as adjusted for taxation, to The University as Gift Aid within nine months of the end of the Company's accounting period. The Gift Aid payment will reduce the Company's chargeable profits to Nil in any accounting period and no liability to corporation tax therefore arises 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

	2019	2018
	£	£
Authorised		
Equity: 2 Ordinary shares of £1each	**2**	2
	2	2
Allotted, called up and fully paid		
Equity: 2 Ordinary shares of £1 each	**2**	2
Allotted, called up and unpaid		
Equity: Ordinary shares of £1	**-**	-
	2	2

14 Capital Commitments

The company had no outstanding capital commitments at the period end *(2018: nil).*

15 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.

16 Accounting estimates and judgements

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 2020.