

# NEWTON

— PROPERTY MANAGEMENT —

## Report of the Directors and Financial Statements for the Year Ended 28 February 2021

Staff retention at sector highest, our staff benefits  
are many and varied

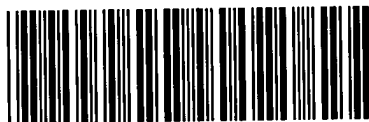
All Directors and shareholders are owner managers

Since inception, the Directors have aimed to retain  
up to 40% profits in the company – and have never,  
ever borrowed a penny from the banks

Fastest growing Scottish property factor, all from  
organic growth and competitor acquisitions funded  
100% from our reserves

Total annual transactional cash expenditure from  
trades and insurances of £16,000,000 (£16 million)

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COMPANIES HOUSE

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## Company Information For The Year Ended 28 February 2021

### DIRECTORS:

SA O'Neill  
DA MacDonald  
RW Watt  
KS O'Neill  
WD Cowie

### REGISTERED OFFICE:

87 Port Dundas Road  
Glasgow  
G4 0HF

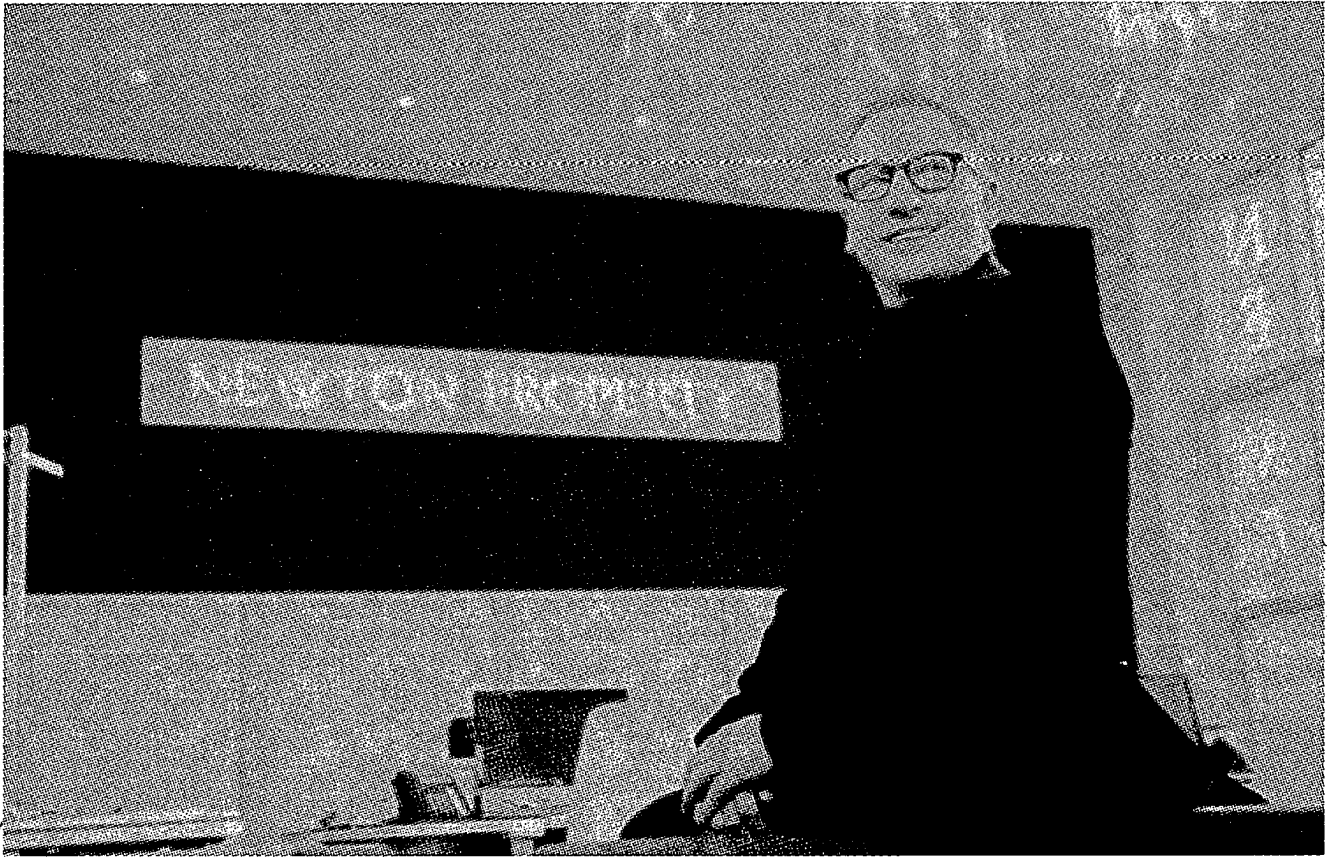
### REGISTERED NUMBER:

SC224378 (Scotland)

### ACCOUNTANTS:

Robb Ferguson  
Chartered Accountants  
Regent Court  
70 West Regent Street  
Glasgow  
G2 2QZ

## Founder/Chairman's Statement



Newton had a stellar and very progressive performance during 2020/21, even with the COVID-19 headwind. Customer retention continues to be an impressive 98%. Properties 'in management' hit 27,000 – a 15% uplift from 2019/20.

Debtors, unsurprisingly, have increased, and William Cowie (Finance Director), has been managing this impressively with persistence and a delicate touch. We immediately recognised at the start of the COVID-19 scare that debtors will increase, so we scaled up our finance department staffing allowing us to keep on top of this.

Newton's 40% profit retention policy allied to significant cash reserves, enabled us to enter this worrying time with financial confidence and in an honest way, we were able to immediately reassure our great staff their jobs were in 'safe hands' at Newton.

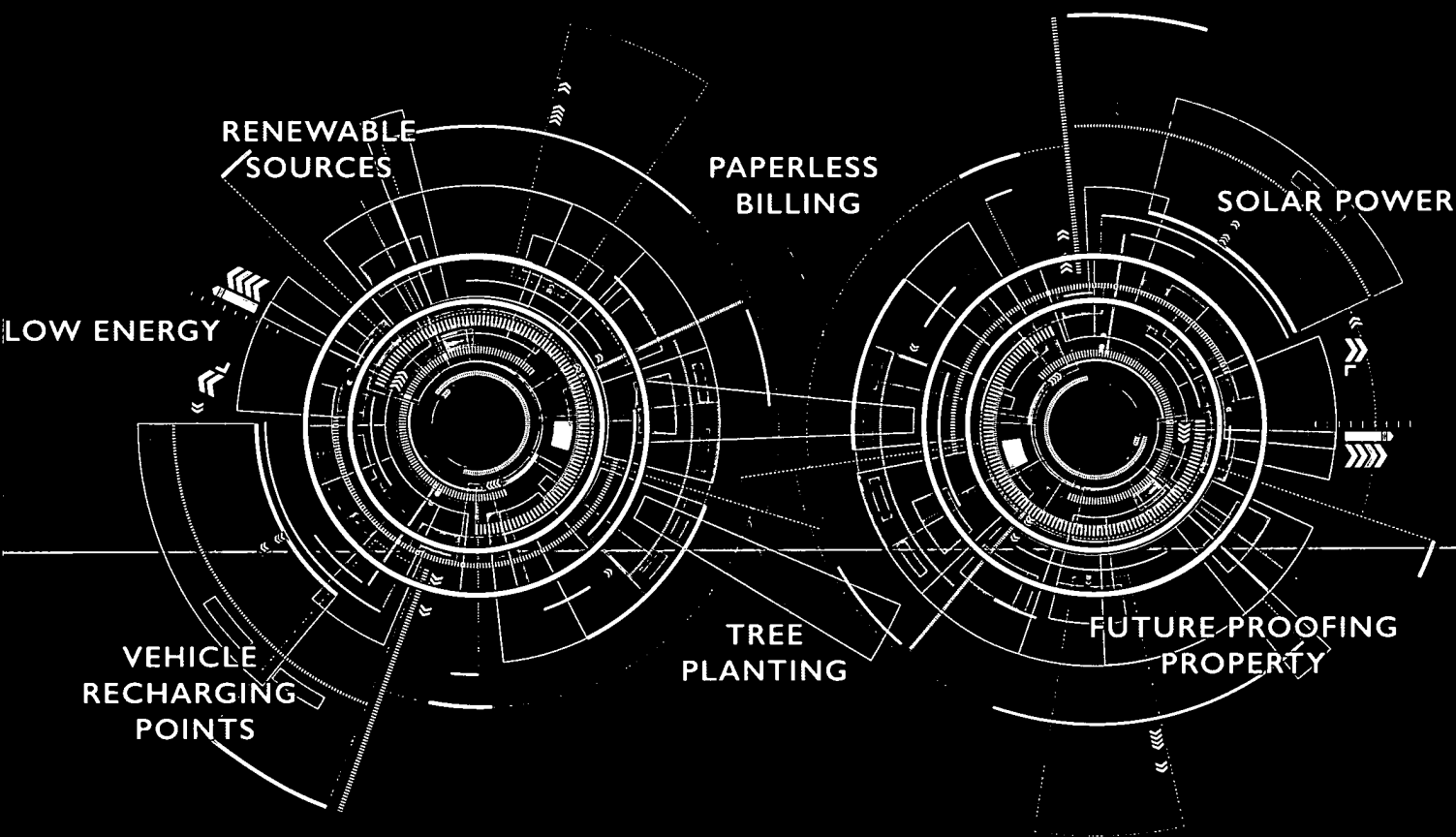
Improvements were made across all our financial matrices, even over a tough and worrying year. EBITDA up 26%. Turnover up 11%. Managed stock increased by 15%.

We purchased the Ayrshire based property management arm of Donald Ross & Co which added 1,800 managed units to our stock levels. These developments are now managed out of our Glasgow Head Office. This competitor purchase was 100% funded in cash and from reserves.

Newton continue to have not a cent of bank borrowing.

**Stephen O'Neill**  
Founder & Chairman

# OUR GREEN VISION<sup>®</sup>



# NEWTON

— PROPERTY MANAGEMENT —

**OUR GREEN VISION  
FOR PEOPLE, FOR THE PLANET, NOT FOR PROFIT.**



## Resume of Directors



**Stephen O'Neill**  
Founder & Chairman

Stephen was born and bred in a well known West of Scotland chartered surveyor family. His father, William O'Neill, owned the 10 office surveying practice of William O'Neill & Partners in the 60s, 70s and 80s. This was an exciting time in his life as subliminally, he learned property and commerce, which undoubtedly armed him for his future in the business. His working career, all through his life, has been immersed in housing – from being a shareholding Director of a large estate agency group in the early 90s, through to owning a very successful letting business, O'Neill's, in the late 90s.

He's now semi-retired but works every day of the week, with his focus on strategies and initiatives to continue to build on the successful structure he started and built from scratch.



**Derek MacDonald**  
Joint Managing-Director

Derek started his property management career in the 1990's after a spell in banking, and joined Newton in 2003. Part of an original team of two Directors, and along with founder Stephen O'Neill, he has been integral in taking Newton from a self-start to a national property management company with three regional offices, over 40 staff and a turnover of £3.5m. A past president of the Property Managers Association Scotland (PMAS), Derek has overseen national trade association conferences and has consulted on working groups with the Scottish Government.

Derek's passion lies in helping bring forward innovative environmental improvements to customer developments, making them greener, cleaner and more energy efficient.



**Ross Watt**  
Managing Director (North Scotland)

Originally pursuing a career in project management within the oil and gas industry, Ross established his own factoring company when he recognised the need for a customer focused property manager to challenge what he perceived as serious industry failings. From a standing start, Watt & Co Property Management quickly grew to manage a significant portfolio in and around Aberdeen. In 2015, Ross agreed terms with the team at Newton to merge their businesses, recognising in the Newton Board kindred spirits who also believed that the customer should be at the heart of professional property management.

Ross now leads the North Scotland operations, incorporating both the Aberdeen and Inverness offices, as well as provides general oversight to the business development team. In addition, Ross represents Newton on the Board of the Property Managers Association Scotland (PMAS), where he uses his influence to promote our core values to our peers in the industry.



**Kirsten O'Neill**  
Director of Operations & HR

Growing up, Kirsten was immersed in business from a young age, with both her father and grandfather being stalwarts in the property industry her whole life. Unbeknown to her, this subconscious digestion of knowledge stood her in good stead for her career to come. Prior to joining Newton, Kirsten carved a successful career in fashion retail operations. Working for a variety of high end companies, she was posted in underperforming stores to streamline and implement strategies to make them more profitable.

Kirsten was asked to join Newton in 2014 as Director of Operations & HR. She consistently strives to streamline existing procedures, alongside introducing new initiatives. Kirsten also has a passion for ensuring employee satisfaction through a diverse range of staff incentives and perks. Her ongoing goal is to progress the company, while retaining her dad's ethos and morals with which he started all those years ago.



**William Cowie**  
Director of Finance

William qualified as an accountant in 2005, and since then, has worked in a variety of national accountancy firms, honing his skills and knowledge. He is also a Fellow of the Association of Chartered Certified Accountants.

After an approach from Stephen in 2013, William joined Newton in the role of Associate Director of Finance, quickly followed by being promoted to a Board Director in 2014. Since then, he has transformed the finance department into the well oiled machine it is today. Alongside accountancy and reporting, William constantly strives to implement strategies and procedures to ensure the efficient and effective running of the finance department and in turn, the wider company.

## Company Key Strengths

Staff retention at sector highest, our staff benefits are many and varied

All Directors and shareholders are owner managers

Since inception, the Directors have aimed to retain up to 40% profits in the company – and have never, ever borrowed a penny from the banks

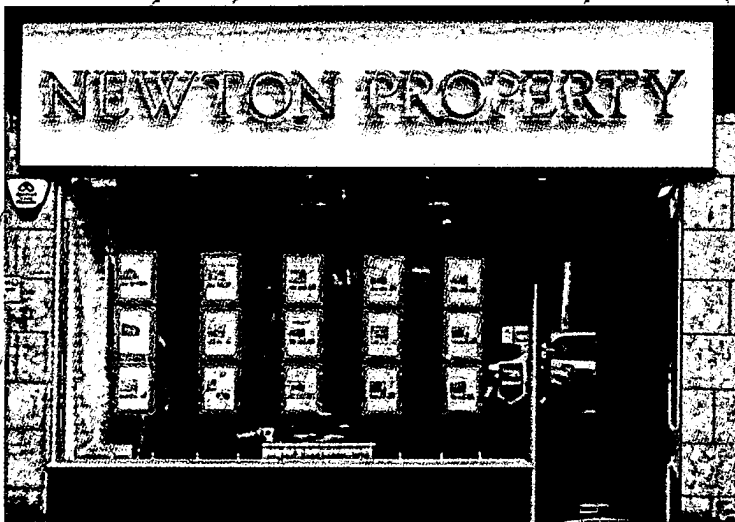
Fastest growing Scottish property factor, all from organic growth and competitor acquisitions funded 100% from our reserves

Total annual transactional cash expenditure from trades and insurances of £16,000,000 (£16 million)

## Our Offices



**CENTRAL SCOTLAND (head office)**  
87 Port Dundas Road,  
Glasgow  
G4 0HF



**NORTH EAST**  
227 Rosemount Place  
Aberdeen  
AB25 2XS



**HIGHLANDS**  
In-Business Centre  
24 Longman Drive  
Inverness  
IV1 1SU



## Abridged Statement of Financial Position 28 February 2021

	Notes	2021 £	2020 £
<b>FIXED ASSETS</b>			
Intangible assets	4	431,768	142,638
Tangible assets	5	156,803	152,095
Investments	6	1,190	1,190
		<u>589,761</u>	<u>295,923</u>
<b>CURRENT ASSETS</b>			
Debtors		2,088,244	1,142,054
Cash at bank		4,121,610	4,282,429
		<u>6,209,854</u>	<u>5,424,483</u>
<b>CREDITORS</b>			
Amounts falling due within one year		3,599,594	3,078,178
		<u>3,599,594</u>	<u>3,078,178</u>
<b>NET CURRENT ASSETS</b>		<u>2,610,260</u>	<u>2,346,305</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,200,021</u>	<u>2,642,228</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year		(2,419,041)	(2,183,010)
<b>PROVISIONS FOR LIABILITIES</b>		<u>(27,522)</u>	<u>(24,722)</u>
<b>NET ASSETS</b>		<u>753,458</u>	<u>434,496</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	8	104,254	104,254
Capital redemption reserve		12,030	12,030
Retained earnings		637,174	318,212
<b>SHAREHOLDERS' FUNDS</b>		<u>753,458</u>	<u>434,496</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 28 February 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 28 February 2021 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

## Abridged Statement of Financial Position - continued 28 February 2021

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

All the members have consented to the preparation of an abridged Statement of Comprehensive Income and an abridged Statement of Financial Position for the year ended 28 February 2021 in accordance with Section 444(2A) of the Companies Act 2006.

In accordance with Section 444 of the Companies Act 2006, the Statement of Comprehensive Income has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2021 and were signed on its behalf by:



W D Cowie  
Director

# Notes to the Financial Statements

## For The Year Ended 28 February 2021

### 1. STATUTORY INFORMATION

Newton Property Management Ltd. is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

### 2. ACCOUNTING POLICIES

#### Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small-Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

#### Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Turnover includes revenue earned from the supply of services. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to the date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

#### Goodwill

Goodwill has been acquired by the Company during a number of business acquisitions. Amortisation of acquired goodwill is calculated to amortise goodwill over its estimated useful economic life which has been considered to be over 20 years using the straight-line method.

During the year the directors considered the reasonableness of the company's amortisation policy of purchased goodwill.

Due to the strong underlying value of goodwill acquired and the continued strong performance of the underlying business that the goodwill represents, the directors felt that it would be more appropriate to amortise goodwill over a useful economic life of 20 years as opposed to the previous policy of 4 years. The directors are of the view that the change in the term that goodwill is being amortised over results in the financial statements giving a more true and fair view than would otherwise be the case.

The carrying value of goodwill at the year-end based on the new policy is £424,451 after an amortisation charge of £9,908. Based on the previous policy the carrying value would have been £368,043 including an amortisation charge of £66,016.

#### Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Trademarks are being amortised evenly over their estimated useful life of nil years.

Intangible assets are amortised over their useful economic life which is considered to be 20 years.

## Notes to the Financial Statements - continued

### For The Year Ended 28 February 2021

#### 2. ACCOUNTING POLICIES - continued

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment	- 20% on cost
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance

During the year, the Company changed the rate of office equipment depreciation from 33% on cost to 20% on cost.

##### **Government grants**

Government grants are credited to the Statement of Comprehensive Income as the related expenditure is incurred.

##### **Financial instruments**

Basic financial instruments are recognised at amortised cost, except for investments in non-convertible preference and non-puttable ordinary shares which are measured at fair value, with changes recognised in profit or loss. Derivative financial instruments are initially recorded at cost and thereafter at fair value with changes recognised in profit or loss.

##### **Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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.

##### **Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

##### **Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

#### **EMPLOYEES AND DIRECTORS**

3. The average number of employees during the year was 41 (2020 - 39).

## Notes to the Financial Statements - continued

### For The Year Ended 28 February 2021

#### 4. INTANGIBLE FIXED ASSETS

	Totals £
<b>COST</b>	
At 1 March 2020	1,608,130
Additions	291,421
Reclassification/transfer	8,273
	<u>1,907,824</u>
At 28 February 2021	<u>1,907,824</u>
<b>AMORTISATION</b>	
At 1 March 2020	1,465,492
Amortisation for year	10,322
Reclassification/transfer	242
	<u>1,476,056</u>
At 28 February 2021	<u>1,476,056</u>
<b>NET BOOK VALUE</b>	
At 28 February 2021	<u>431,768</u>
At 29 February 2020	<u>142,638</u>

#### 5. TANGIBLE FIXED ASSETS

	Totals £
<b>COST</b>	
At 1 March 2020	420,708
Additions	61,192
Reclassification/transfer	(8,273)
	<u>473,627</u>
At 28 February 2021	<u>473,627</u>
<b>DEPRECIATION</b>	
At 1 March 2020	268,613
Charge for year	48,453
Reclassification/transfer	(242)
	<u>316,824</u>
At 28 February 2021	<u>316,824</u>
<b>NET BOOK VALUE</b>	
At 28 February 2021	<u>156,803</u>
At 29 February 2020	<u>152,095</u>

## Notes to the Financial Statements - continued

### For The Year Ended 28 February 2021

#### 6. FIXED ASSET INVESTMENTS

Information on investments other than loans is as follows:

##### COST

At 1 March 2020

and 28 February 2021

1,190

##### NET BOOK VALUE

At 28 February 2021

1,190

At 29 February 2020

1,190

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

##### Newton Property Management (UK) Limited

Registered office: 87 Port Dundas Road, Glasgow, G4 0HF

Nature of business: Management of real estate

Class of shares:

Ordinary

%  
holding  
100.00

##### Watt & Co Property Management Ltd

Registered office: 87 Port Dundas Road, Glasgow, G4 0HF

Nature of business: Management of real estate

Class of shares:

Ordinary

%  
holding  
100.00

##### Greenhome Property Management Limited

Registered office: 87 Port Dundas Road, Glasgow, G4 0HF

Nature of business: Management of real estate

Class of shares:

Ordinary

%  
holding  
100.00

#### 7. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

Within one year  
Between one and five years  
In more than five years

2021	2020
£	£
82,812	94,500
217,708	242,420
110,000	160,000
<u>410,520</u>	<u>496,920</u>

## Notes to the Financial Statements - continued

### For The Year Ended 28 February 2021

#### 8. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021 £	2020 £
111,390	Ordinary "A"	£1	103,977	103,977
100	Ordinary "B"	£1	100	100
100	Ordinary "C"	£1	100	100
75	Ordinary "D"	£1	75	75
2	Ordinary "F"	£1	2	-
			<u>104,254</u>	<u>104,254</u>

The following shares were issued during the year for cash at par:

2 Ordinary "F" shares of £1

The company bought back 7,411 shares during the year for a total consideration of £321,785.