

PE JONES (PROPERTIES) LIMITED

REPORT & ACCOUNTS Year Ended 30 April 2021

Company Registration No. 00667252

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Front Cover	Trinity Industrial Park, Kissimmee, Florida, U.S.A.

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PE JONES (PROPERTIES) LIMITED

Chairman's Statement

It is pleasing to be able to report a strong, albeit marginally reduced, result for the Group this year, with underlying profit, before property revaluations and tax, (including share of Joint Ventures' taxation) being £10.9m (2020: £11.8m).

The year has experienced a positive property revaluation of £2.4m (2020: £1.6m), resulting in a reported profit before tax (including share of Joint Ventures' taxation) of £13.3m (2020: £13.4m).

Bank borrowings increased by £2.5m to £28.9m with one maturing facility being increased by £3.4m as it was renewed for a further five years, and regular scheduled repayments being made on our other borrowings of £0.9m. Shareholders' funds grew by £8.9m (11.0%) to £90.0m.

Review of Operations

The year has been dominated by the measures taken to combat the spread of the Coronavirus. These have overshadowed the actual achievement of the UK leaving the European Union with a negotiated trade deal. Globally, all economies suffered a significant fall in output in the first and second quarters of 2020 and talks of growth now are measurements from a very low base 12 months ago. Certainly property investment activity has slowed significantly since the first quarter of 2020.

Against this backdrop the UK Commercial Portfolio has contributed at a similar level to last year. Support has been given to some of the smaller independent tenants and there have been insolvency events involving a small number of tenants. At the end of the financial year the overall portfolio was 87% let, marginally lower than at the start of the year, 93%.

In the US we continue to work closely with our joint venture partner, Hanover Capital, and this year's project completions have delivered a similar contribution to the previous year (CY\$5.8m vs PY\$6.4m). The wholly owned US businesses performed exceptionally with the development profits from the land at Avalon Cove helping increase their contribution from \$0.1m to \$1.1m.

The financial performance of our Algarve resorts suffered more as a result of lockdowns, social distancing rules and restrictions on foreign travel. A loss of £0.5m was recorded in the year compared to the previous year's profit of £2.1m.

Future Outlook

The roll out of the vaccination programs around the world are significantly reducing the rate of transmission and admittance to hospital. This is allowing the relaxation of some lockdown measures and the resumption of more normal social and economic activity. In the short term at least we are seeing an economic bounce back as people rush to enjoy these restored freedoms. It is still too early to predict whether future lockdowns will be imposed by central or local governments, if transmission rates increase significantly again or if new variants cause a greater threat. However, all around the world nations are adapting their behaviour to live with the virus rather than shield from it.

Our businesses in the USA have been established over many years and they are now making consistent profits which will continue to be reinvested. The Florida housebuilding activities continue to experience strong demand, but there are signs of cost pressures creeping into the supply chain as well as availability issues. Whether these are a short term phenomenon or continue into the future is not known currently.

In Portugal the tourism industry is currently still negatively affected by global travel restrictions which are reducing visitor numbers, especially from the United Kingdom. In the longer term their favourable climate and political stability will continue to attract international visitors and investors which will allow our businesses to thrive.

It seems the worst effects of a recession might have been avoided although cost inflation currently seems to be the main negative economic indicator. However, we can be certain that even in such a long term scenario there will be opportunities.

PE Jones OBE

Chairman

22 September 2021



PE JONES (PROPERTIES) LIMITED

Strategic Report

Year Ended 30 April 2021

Business Model

The P E Jones (Properties) Group is a long-established, property development and investment business with interests in the UK, Portugal and the USA.

Founded in 1962 by Peter Emerson Jones OBE, the Group now has a net worth of £90m and continues to be family owned.

The UK business operates principally in the North West of England and is responsible for the development and management of over 0.7 million sq ft of commercial investment property covering retail, office, leisure and industrial sectors.

Internationally, the Group has operations in the USA and Portugal, where it has been developing its commercial and residential interests over the last 40 years.

Through its joint venture, Emerson Investments International Inc., the Group has made significant investments in the Orlando region of Florida, both directly and in joint venture with carefully selected partners to establish a sustainable and successful commercial property investment portfolio and a number of residential development projects.

In Portugal, a number of resorts have been developed and are operated on the Algarve, including the wholly owned leisure resort of Oásis Parque Country Club, Portimão, and the joint ventures at the exclusive residential, golf and spa development of Quinta da Boavista, Lagos and The Lakeside Country Club at Quinta do Lago.

Strategy

The principal strategic objectives of the Group are:

- To generate sustainable profitability and thereby achieve a satisfactory return to shareholders.
- To manage the concentration of risk through the diversification of investments, both by asset type and geographic location, whilst maintaining focus on core skills, as embodied in the current structure of the Group.
- To pursue strategic land and property investment opportunities that meet the Group's investment criteria for return and risk.
- To deliver outstanding products and services that anticipate the market's requirements and exceed the expectations of clients and tenants.
- To ensure availability of competitively priced financial resources to protect the Group against adverse market conditions and enable it to take advantage of suitable business opportunities as they arise.

Key Performance Indicators (KPIs)

To monitor progress against the principal strategic objectives, the Group has identified and regularly reports on the following KPIs:

- Activity level – measured by turnover, occupancy levels and rental income.
- Profitability – measured by profit before tax.
- Debt service cover – measured by rental surplus over interest and principal payable.
- Cash flow – measured by changes in levels of liquidity.
- Average cost of debt finance.
- Gearing – measured the ratio of net debt to net assets.

These measures are referred to throughout the Report, with comparative figures quoted where appropriate. They are reviewed by senior Directors in the regular management information they are supplied with.

PE JONES (PROPERTIES) LIMITED

Strategic Report

Year Ended 30 April 2021

Principal Risks

The major financial risks that the business faces are those from liquidity, interest rates, foreign exchange rates and third-party credit.

The Group ensures sufficient liquidity for its operations and planned investments through the maintenance of cash reserves and undrawn borrowing facilities and detailed cash flow forecasting. The refinance risk of existing debt is mitigated by spreading their periods of maturity and borrowing from a variety of funders. Covenant measures are monitored and reported to the Board on a regular basis to ensure continuing compliance.

Market movements in interest rates are constantly monitored. Exposure to fluctuations in interest rates affecting long term borrowings of the Group is eliminated by entering into fixed rate loans or interest rate hedges to match the profile of the loan. Exposure to fluctuations in foreign exchange rates is minimised by borrowings being denominated in the currency of the country using those facilities.

The credit risk associated with prospective tenants and corporate clients is mitigated via execution of a forward credit checking and approval process prior to any contractual commitment and thereafter by proactive management of the portfolio.

There are also a number of fundamental risks related to the activities and markets associated with the commercial investment property operations of the Group. These include commercial property values and yields, availability and demand for suitable space and the cost and availability of credit. These specific risks are monitored and regularly reviewed by the Directors in addition to any risks posed by changes in general economic activity, government policies, tax legislation and environmental requirements. Any mitigating actions identified as requiring action are then translated into a business plan.

The accounting requirement to report property revaluation movements through the profit and loss account has the potential to create significant fluctuations in reported performance. Due to the size of the Group's investment property portfolio, modest changes to property values could distort the profit in the period and mislead stakeholders in their understanding of the underlying trading performance. This risk is mitigated through expanded explanation in the narrative of the accounts.

Section 172 Statement

As required by Section 172 of the Companies Act 2006, this Annual Report must include a statement on how the Board have acted in a way that promotes the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in S172(1)(a-f) of the Companies Act 2006).

(a) Long Term Effect of our Decisions

As a family owned and managed business that has successfully traded since 1962 the Board is acutely aware of the shareholders desire to own a sustainable business generating recurring profits over the long term.

Unlike publicly quoted companies, where there often is an over emphasis on immediate financial performance and the next half year announcement, the Board can look at investment horizons of 10 years and beyond to assess and prioritise individual projects.

(b) Employees

In setting any specific strategy or project in motion the Board recognises that it will primarily be through the endeavours of its employees that success is achieved. By continuing to remunerate employees appropriately, training them effectively and giving them the correct resources to discharge their duties there is a much greater likelihood that the success of the Group will be maintained.

(c) Business Relationships – Supplier, Customers

The Group operates in both business to business transactions, largely through its investment property activities and business to customer in its house building activities. It is only through properly understanding the requirements of all customers that an attractive selling proposition can be developed which in turn generates the good will and brand awareness that the Group enjoys. Engagement with specific suppliers who similarly understand the Group's way of working and quality of product offering is also key in achieving this objective.

PE JONES (PROPERTIES) LIMITED

Strategic Report Year Ended 30 April 2021

(d) Community & Environment

In an increasingly legislated environment, the Board is mindful of its impact on the environment and local community. Investment decisions which generally arise from construction opportunities go through an exhaustive process in England and the overseas areas that we operate in to ensure that proper account is taken of a multitude of factors. This might be natural life habitat, affordable housing, energy efficiency, traffic volumes and so on.

(e) High Standard of Business Conduct

It is the intention of the Board that not only they but also all those people involved in or associated with the Group operate the business in an ethical and responsible way.

(f) Investors

The capital invested in the Group is provided by its shareholders. As a wholly family owned and managed business with two generations of Peter Emerson Jones's family on the Group Board, it is self-evident that the investors are fully informed on the business activities.

Examples of Board Actions

a) *Health and Safety.* The Covid-19 pandemic developed throughout the year, across all our operations, in ways that probably nobody could accurately have predicted. During all this time protecting the health and safety of our employees, customers and suppliers has been our overriding objective. In some instances this has meant that business had to be totally suspended, eg the resorts in Portugal for some lockdown periods; in some instances we have been able to adopt different ways of working to maintain some semblance of "business as usual" with working from home and monitored social distancing, although this has generally come at a cost, both financially and with reduced efficiencies.

b) *Customer Relationships.* The vast majority of our customers have been affected by the Covid-19 pandemic. In the Residential businesses, both in the UK and USA, we have dealt sympathetically and constructively with our customers when they have suffered unexpected changes in their circumstances. We have returned deposits when they have been unable to complete and we have allowed time extensions outside those previously agreed. Amongst our rental tenants, some have not survived the financial downturn and have ceased trading. The vast majority of corporate tenants have honoured their commitments throughout the whole period, however those smaller tenants, perhaps sole-traders, who are less well capitalised, have needed assistance with their cash flow during the last year. We have engaged with this group of tenants and agreed manageable payment plans to assist them in getting through this crisis.

c) *Environment.* Where we are responsible for the electricity supply to our UK commercial property portfolio we have partnered with an accredited Energy supplier to provide only 100% renewable energy to those sites, so that both ourselves, and the tenants in those premises, can report zero carbon emissions from the electricity we each use.

Business Review

Group turnover (excluding joint ventures) decreased in the year to £9.2m (2020: £10.8m), reflecting a reduction in property sales at Oásis Parque and a slight fall in rental income from the UK Commercial property portfolio. The Gross Profit fell to £7.0m (2020: £7.9m) as all areas of the Group were adversely affected by the Covid-19 pandemic. However, it was Portugal which bore the brunt of the downturn as resorts closed, lockdowns were imposed and travel restrictions grounded overseas visitors. The underlying profit (before revaluations and tax including share of Joint Ventures' taxation) similarly fell to £10.9m (2020: £11.8m).

There was a £2.4m surplus on revaluation of investment properties (2020: £1.6m surplus), producing a net profit before tax (including share of Joint Ventures' taxation) of £13.3m (2020: £13.4m).

Bank borrowings were reduced by £0.9m with scheduled repayments and increased by £3.4m with an additional advance when refinancing an existing loan in the year, to end the year at £28.9m.

The average cost of long term debt was at 3.1% at the year-end (2020: 3.0%) and passing rents of £6.7m continue to provide a comfortable £4.9m surplus over debt service costs.

The net asset value of the Group grew by 11.0% to £90m.

PE JONES (PROPERTIES) LIMITED

Strategic Report

Year Ended 30 April 2021

UK Commercial

The continuing economic uncertainty and difficult retail environment remained throughout the year, compounded by the government measures imposed in response to the ongoing global pandemic. This impacted the commercial property market from both an occupational and investment perspective. Against this backdrop the Group's UK Commercial Division has delivered a solid performance, with new lettings, proactive property management and investment in existing and new developments helping to mitigate the effects of the downturn. Rent collection has been challenging. Encouragingly, the collection of rents from office and industrial occupiers, which is the majority of the portfolio, has been less affected by the pandemic and through close engagement with our clients good progress has also been made with those tenants who have suffered financial hardship during the year.

On a like for like comparison occupancy at the financial year end was 87% of available space (2020: 93%). A surplus on revaluation of £2.4m in the year left the commercial property portfolio valued at £76.3m (2020: £73.8m) at the year-end.

Until the longer term impact of the Covid-19 pandemic becomes apparent, the property market is expected to remain subdued. The Group continues to be vigilant and focused on proactively managing market risk and is well placed with a balanced portfolio to quickly adapt to changing market conditions and occupier requirements and capitalise on any future opportunities presented. It will continue to re-invest and actively manage its existing portfolio to increase occupancy, reduce outgoings and improve overall performance.

International

USA

The impact of the Covid-19 pandemic was acute in Central Florida where tourist attractions were shut for much of the year both due to regulations and lack of demand. During the year unemployment increased from historic lows of circa 4% in early 2020 to over 15% in the middle of 2020 and this caused considerable strain on the local economy. With the State opening back up and domestic tourism increasing, the unemployment rate is now returning to circa 6%. Due to the States attractive personal tax rates and clement weather there has been considerable inward migration from other states which is helping drive the recovery even with the limited amount of international visitors.

The diversification in the business over the last 10 years has somewhat protected the Division's economic performance through the pandemic. The investment made in staff training, IT systems and disaster recovery (for hurricane preparedness) allowed the Division to operate effectively and safely throughout the year.

The investment portfolio performed well through the year. The office portfolio was resilient with limited business failures and the minor loss of income was negated by operational cost savings. The industrial portfolio, held in joint venture with Hanover Capital Partners, performed well as demand for industrial space outpaced supply leading to both rental and capital growth. During the year we developed a further 125,000 sq ft of industrial space at Trinity Industrial Park, which brings the total joint venture portfolio to 500,000 sq ft.

Our housing joint venture, Hanover Family Builders, also benefitted from the strong housing market and achieved a record 559 completions at an average price of just over \$300,000 per unit.

The land development companies that support the land bank for Hanover builders has remained strong with a number of opportunistic purchases occurring during the year. This has allowed the land bank to remain above 6,000 plots even with the disposal of over 1,000 plots during the year.

Portugal

With their exposure to tourism, travel and hospitality our businesses in Portugal were amongst those worst affected by Covid-19. To illustrate the severity of the decline – in 2019 roughly 1.2 million UK travellers visited the Algarve region, whereas the number of UK visitors dropped to 181 thousand in 2020. The number of Portuguese holidaying on the Algarve also declined by over a quarter.

Quinta da Boavista Golf and Spa Resort in Lagos entered its second full year of operations for its 112 unit rental property complex, Bela Colina. Occupancy over the full year averaged only 36% compared to the 83% achieved in the previous year. A further 8 new properties were sold in the year compared to 25 in the previous year.

The Lakeside Country Club at Quinta do Lago did not escape the severe downturn, with income falling by 47% from the previous year. It was, however, able to make a small positive contribution.

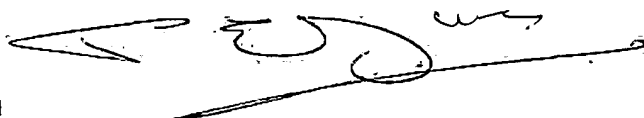
With the introduction of Covid-19 vaccination programs across Europe since the start of 2021, and the relaxation of travel restrictions, this summer season on the Algarve will undoubtedly be an improvement on 2020.

Approved by the Board of Directors and signed on behalf of the Board.

PE Jones OBE

Director

22 September 2021



PE JONES (PROPERTIES) LIMITED

Report of the Directors

Year Ended 30 April 2021

The Directors have pleasure in presenting their report, together with the audited accounts for the year ended 30 April 2021. Information on likely future developments has been included in the Strategic Report.

1 Directors

The Directors who served during the year were as follows:

PE Jones OBE (Chairman), Mrs A Jones, ME Jones, AE Jones and JR Claber (appointed 16th December 2020).

2 Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Report of the Directors 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 Accounting Standards and applicable laws, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom 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 the Group and of the profit or loss of the Group 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 accounting 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;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 of the Group 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 of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

3 Qualifying Third Party Indemnity Provisions

During the year a qualifying third party indemnity provision for the benefit of all Directors was in force.

4 Statement as to Disclosure of Information to Auditor

In so far as each of the Directors is aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

5 Health and Safety

The Group is committed to best practice on all health and safety matters and continues to develop measures that minimise the likelihood of accidents and incidents on site. Accidents are reported on, analysed and learnt from as a matter of priority.

6 Dividends

An interim dividend of £49,998 was paid on 23rd September 2020. The Directors do not recommend the payment of a final dividend.

7 Auditor

In accordance with section 487(2) of the Companies Act 2006, BDO LLP is deemed re-appointed as auditor for the succeeding year.

This report was approved by the Board on 22 September 2021 and signed on behalf of the Board.



V Mahara
Secretary

PE JONES (PROPERTIES) LIMITED

Group Profit and Loss Account

Year Ended 30 April 2021

	Notes	2021 £'000	2020 £'000
Turnover including share of Joint Ventures	1	19,569	23,720
Less: Share of Joint Ventures		<u>(10,342)</u>	<u>(12,960)</u>
Group turnover		9,227	10,760
Cost of sales		<u>(2,229)</u>	<u>(2,910)</u>
Gross profit		6,998	7,850
Operating costs	2	(2,550)	(2,080)
Share of profit in Joint Ventures		<u>5,597</u>	<u>5,354</u>
Underlying Group operating profit		10,045	11,124
Revaluation surplus		<u>2,442</u>	<u>1,631</u>
Group operating profit		12,487	12,755
Net interest payable	3	<u>(939)</u>	<u>(915)</u>
Profit on ordinary activities before taxation	4	11,548	11,840
Tax on profit on ordinary activities	5	<u>(961)</u>	<u>(1,487)</u>
Profit for the financial year		<u><u>10,587</u></u>	<u><u>10,353</u></u>
Profit is attributable to:			
Owners of the Parent		10,587	10,353
Non-controlling interests		<u>—</u>	<u>—</u>
		<u><u>10,587</u></u>	<u><u>10,353</u></u>

The above figures relate exclusively to continuing operations.

The accompanying accounting policies and notes form part of these financial statements.

PE JONES (PROPERTIES) LIMITED

Group Statement of Comprehensive Income

Year Ended 30 April 2021

	2021 £'000	2020 £'000
Profit for the financial year:		
Owners of the Parent	10,587	10,353
Non-controlling interests	<u>—</u>	<u>—</u>
	10,587	10,353
Other comprehensive income:		
Cash flow hedges:		
Change in value of hedging instrument	15	(155)
Reclassification to profit and loss	87	19
Currency translation differences	(1,684)	834
Total tax on components of other comprehensive income	<u>(20)</u>	<u>20</u>
Other comprehensive income for the year net of tax	<u>(1,602)</u>	<u>718</u>
Total comprehensive income for the year	<u><u>8,985</u></u>	<u><u>11,071</u></u>
Total comprehensive income is attributable to:		
Owners of the Parent	8,986	11,071
Non-controlling interests	<u>(1)</u>	<u>—</u>
	<u><u>8,985</u></u>	<u><u>11,071</u></u>

PE JONES (PROPERTIES) LIMITED

Group Balance Sheet

Company Registration No. 00667252

As at 30 April 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed Assets					
Investment properties	9		76,276		73,832
Tangible fixed assets	10		1,051		1,372
Investment in Joint Ventures	11		33,190		29,172
Investments	11		<u>12</u>		<u>12</u>
			110,529		104,388
Current Assets					
Completed developments	12	794		794	
Stocks	13	5,115		4,712	
Debtors	14	5,442		5,344	
Cash at bank and in hand		<u>8,964</u>		<u>3,357</u>	
		20,315		14,207	
Creditors: Amounts falling due within one year	15	<u>(12,358)</u>		<u>(9,259)</u>	
Net Current Assets			<u>7,957</u>		<u>4,948</u>
Total assets less current liabilities			118,486		109,336
Creditors: Amounts falling due after more than one year	16		(25,228)		(25,358)
Provisions for liabilities	17		<u>(3,340)</u>		<u>(2,995)</u>
Net Assets			<u>89,918</u>		<u>80,983</u>
Capital and Reserves					
Called up share capital	19		10		10
Hedge reserve			(47)		(149)
Profit and loss account			<u>90,008</u>		<u>81,174</u>
Equity Shareholders' Funds			89,971		81,035
Non-controlling interests			<u>(53)</u>		<u>(52)</u>
			<u>89,918</u>		<u>80,983</u>

The financial statements were approved and authorised for issue by the Board and signed on its behalf on 22 September 2021.

PE Jones OBE
Director



PE JONES (PROPERTIES) LIMITED

Company Balance Sheet
Company Registration No. 00667252
As at 30 April 2021

	Notes	2021 £'000	2021 £'000	2020 £'000	2020 £'000
Fixed Assets					
Tangible fixed assets	10		1		1
Investments	11		<u>2,521</u>		<u>2,521</u>
			2,522		2,522
Current Assets					
Completed developments	12	794		794	
Debtors	14	8,510		8,366	
Cash at bank and in hand		<u>638</u>		<u>280</u>	
		9,942		9,440	
Creditors: Amounts falling due within one year	15	<u>(4,902)</u>		<u>(4,584)</u>	
Net Current Assets			<u>5,040</u>		<u>4,856</u>
Total assets less current liabilities			7,562		7,378
Creditors: Amounts falling due after more than one year	16		—		—
Provisions for liabilities	17		<u>—</u>		<u>—</u>
Net Assets			<u><u>7,562</u></u>		<u><u>7,378</u></u>
Capital and Reserves					
Called up share capital	19		10		10
Profit and loss account at the start of the year		7,368		1,955	
Retained profit for the year		<u>184</u>		<u>5,413</u>	
			<u>7,552</u>		<u>7,368</u>
Equity Shareholders' Funds			<u><u>7,562</u></u>		<u><u>7,378</u></u>

The financial statements were approved and authorised for issue by the Board and signed on its behalf on 22 September 2021.

PE Jones OBE
Director



PE JONES (PROPERTIES) LIMITED

Group Statement of Changes in Equity

Year Ended 30 April 2021

	Issued Share Capital £'000	Hedge Reserve £'000	Profit and Loss Account £'000	Total £'000	Non- Controlling Interests £'000	Total Equity £'000
At 1 May 2019	10	(13)	70,017	70,014	(52)	69,962
Profit for the financial year	–	–	10,353	10,353	–	10,353
Other comprehensive income for the year	–	(136)	854	718	–	718
Dividends paid to owners	–	–	(50)	(50)	–	(50)
At 30 April 2020	10	(149)	81,174	81,035	(52)	80,983
Profit for the financial year	–	–	10,587	10,587	–	10,587
Other comprehensive income for the year	–	102	(1,703)	(1,601)	(1)	(1,602)
Dividends paid to owners	–	–	(50)	(50)	–	(50)
At 30 April 2021	<u>10</u>	<u>(47)</u>	<u>90,008</u>	<u>89,971</u>	<u>(53)</u>	<u>89,918</u>

PE JONES (PROPERTIES) LIMITED

Company Statement of Changes in Equity

Year Ended 30 April 2021

	Issued Share Capital £'000	Profit and Loss Account £'000	Total Equity £'000
At 1 May 2019	10	1,955	1,965
Profit for the financial year	–	5,463	5,463
Dividends paid to owners	–	(50)	(50)
At 30 April 2020	10	7,368	7,378
Profit for the financial year	–	234	234
Dividends paid to owners	–	(50)	(50)
At 30 April 2021	<u>10</u>	<u>7,552</u>	<u>7,562</u>

PE JONES (PROPERTIES) LIMITED

Group Statement of Cash Flows

Year Ended 30 April 2021

	Notes	2021	2020
		£'000	£'000
Profit for the financial year		10,587	10,353
Adjustments for:			
Tax on profit on ordinary activities		961	1,487
Net interest expense		939	915
Share of profit in Joint Ventures		(5,597)	(5,354)
		6,890	7,401
Revaluation surplus		(2,442)	(1,631)
Profit on disposal of fixed assets		(421)	(1,002)
Depreciation charge		105	131
(Increase)/Decrease in stocks		(413)	339
Increase in debtors		(97)	(220)
Increase/(Decrease) in creditors		794	(479)
Exchange movements		(4)	1
Net cash inflow from operating activities		4,412	4,540
Taxation paid		(926)	(712)
Cash inflow/(outflow) from financing activities	20(a)	1,455	(1,796)
Cash inflow/(outflow) from investing activities	20(b)	670	(5,875)
Increase/(Decrease) in cash and cash equivalents		5,611	(3,843)
Cash and cash equivalents at beginning of the period		3,357	7,180
Currency fluctuations		(4)	20
Cash and cash equivalents at end of the period		8,964	3,357
Cash and cash equivalents comprise:			
Cash at bank and in hand		8,964	3,357

PE JONES (PROPERTIES) LIMITED

Statement of Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items considered material to the Group's affairs:

General Information

PE Jones (Properties) Limited is a company limited by shares incorporated in England. The registered address is Emerson House, Heyes Lane, Alderley Edge, Cheshire SK9 7LF. The nature of the Group's operations and its principal activities are set out in the Strategic Report.

Basis of Accounting

These financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006 and have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit and loss.

The financial statements are prepared in sterling which is the functional currency of the Group.

Going Concern

The Group's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposures to price, credit, liquidity and cash flow risk are described in the Strategic Report.

The Group meets its day to day working capital requirements through its cash resources and committed banking facilities. Based on the Group's forecast and projections together with available market information and the directors' knowledge and experience of the Group's property portfolio and markets, the directors have a reasonable expectation that the Group has adequate resources to continue trading for the foreseeable future. In assessing future cash receipts the directors have taken into account the Covid-19 pandemic and its effect on the timing and collectability of both rental receipts and housing completions. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Basis of Consolidation

The consolidated accounts comprise the accounts of the parent company with its subsidiary undertakings all drawn up to 30 April with the exception of Conrocha Limitada which is registered in Portugal and prepares its accounts to 31 December. The directors consider that the use of these accounts does not result in a material difference to the accounts. As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is presented for PE Jones (Properties) Limited. The parent company result for the year is disclosed on page 10. There was no other comprehensive income in the year (2020: £nil).

Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgement (apart from those involving estimates) which has the most significant effect on amounts recognised in the financial statements is the revaluation of investment properties.

The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The Group uses external professional advisors and the Group's Internal Valuation Surveyor, to determine fair value, both of which are RICS registered valuers. The Group's investment properties were revalued by the directors at the balance sheet date with reference to the Internal Surveyors valuation, which is in accordance with the company's valuation policies and performed in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual. The valuation of the Group's property portfolio is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. As a result, the valuations the Group places on its property portfolio are subject to a degree of uncertainty and are made on the basis of assumptions which may not prove to be accurate, particularly in periods of volatility or low transaction flow in the property market.

The current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement. The year-end Directors' valuation is therefore reported as being subject to material uncertainty. This is to reflect that less certainty and consequently a higher degree of caution should be attached to the valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, the valuation might be subject to material change and should be kept under frequent review. These valuations have also incorporated the impact of rent free periods and rent deferrals on the valuation, as well as the impact of occupiers from sectors deemed high risk.

Investments

Investments in Group undertakings are recorded at cost less any provision for impairment. Entities in which the Group holds an interest on a long term basis and are jointly controlled by the Group and one or more other parties are treated as joint ventures. The Group's investment in Joint Ventures is accounted for using the equity method. The Group's share of the profits less losses of the Joint Ventures is included in the Group profit and loss account and its interest in their net assets is included in the Group balance sheet.

PE JONES (PROPERTIES) LIMITED

Statement of Principal Accounting Policies

Investment Properties

Investment properties comprise properties and interests in land held either to earn rental income or for capital appreciation, or both.

Investment properties are initially measured at cost, including related transaction costs. Borrowing costs associated with direct expenditure on investment properties under development are capitalised. Interest is capitalised from the commencement of the development work until the date of practical completion or, if earlier, the date that outgoings exceed income.

After initial recognition, investment properties are carried at their fair values based on market value as determined at each reporting date. The difference between the fair value of an investment property at the reporting date and its carrying amount prior to re-measurement is included in the profit and loss account as a valuation surplus or deficit. Profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

Tangible Fixed Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. The cost of freehold property includes interest paid on funds specifically taken out to finance assets in the course of construction.

Depreciation

Freehold and long leasehold property not held for investment purposes are depreciated on a straight line basis at 4%. Ground rents and land are not depreciated. Short leasehold property is depreciated over the period of the lease. Plant and machinery is depreciated over its working life on a straight line basis using rates varying between 10% and 20%.

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable over its working life.

Completed Developments

Completed developments are commercial properties held for sale shown at the lower of cost or net realisable value. Cost is as defined in the work in progress policy below. The period in which sales of completed developments are accounted for is determined by the date of completion of the contract.

Land and Work in Progress

Land and work in progress are valued at the lower of cost and net realisable value. Cost comprises land and associated acquisition costs, direct materials and subcontract work, other direct costs and those overheads that have been incurred in bringing the stocks to their present location and condition, and interest incurred on attributable financing facilities.

Turnover

Group turnover comprises rental income, consideration received for the sale of residential properties and amounts invoiced for other services carried out for customers outside the Group during the year. Turnover is recognised on legal completion of the sale of residential properties or provision of the services. Rents receivable are included on an accruals basis, with annual rents credited to profit and loss on a straight line basis over the expected term of the lease. It excludes the proportion of turnover of Joint Ventures attributable to the Group and transactions within the Group.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the tax payable on the taxable income for the year and any adjustment in respect of previous years.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled.

PE JONES (PROPERTIES) LIMITED

Statement of Principal Accounting Policies

Foreign Currencies

The results of overseas undertakings are translated at the average exchange rates for the year. All assets and liabilities in foreign currencies have been translated into sterling at the rate of exchange ruling at the Balance Sheet date. Differences on exchange arising from the retranslation of overseas net assets and results are taken to reserves and are reported in other comprehensive income. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Lease Transactions

The costs of operating leases are charged against profits as they accrue. Assets acquired under finance leases are capitalised and the corresponding liability shown in creditors.

Incentive payments and rent free periods given to new tenants are treated as a reduction in revenue and initially recorded as prepayments. These are charged to profit and loss over the expected term of the lease. Where such prepayments relate to investment properties, the properties are carried at fair value less the amount of the unamortised incentive.

Financial Instruments

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable to the lender (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in interest payable in the profit and loss account.

Other basic financial instruments including trade debtors, trade creditors and amounts due to and from related parties, with no stated interest rate and receivable or payable within one year, are recorded at transaction price. Such assets and liabilities are subsequently carried at amortised cost using the effective interest rate method. Any losses arising from impairment are recognised in the profit and loss account.

The Group uses derivative financial instruments (derivatives) such as interest rate swaps to hedge exposure to interest rate risks associated with floating rate loans. Derivatives are initially recognised at fair value on the date the contract is entered into and subsequently re-measured to fair value in future periods. Changes in fair value are recognised directly in equity unless they represent an ineffective hedging arrangement in which case they are recognised in profit and loss in net finance charges.

The cumulative gain or loss recognised in other comprehensive income is reclassified to profit and loss when the hedging relationship ends.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the Group cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Related Parties

The Company has taken advantage of the exemption in section 33 of Financial Reporting Standard 102 "Related party disclosures" and has not disclosed transactions with wholly owned Group undertakings.

Reserves

The Group and Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- Hedge reserve represents the cumulative portion of gains and losses on hedging instruments deemed effective.
- Profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

1 Turnover	2021	2020
	£'000	£'000
Analysis by class of business:		
Residential	587	2,232
Commercial	8,640	8,528
	9,227	10,760
Share of Joint Ventures' turnover	10,342	12,960
	19,569	23,720
Analysis by geographical area:		
United Kingdom	8,634	8,681
EU countries	5,114	11,673
USA	5,821	3,366
Group turnover, including share of Joint Ventures	19,569	23,720
United Kingdom	-	157
EU countries	4,521	9,437
USA	5,821	3,366
Share of Joint Ventures' turnover	10,342	12,960
2 Operating Costs		
Administration costs	2,550	2,080
3 Net Interest Payable		
Interest Payable		
Bank loans and overdrafts	851	809
Other interest	11	44
Amortisation of debt issue costs	77	63
Group interest payable	939	916
Share of Joint Ventures' interest payable	458	385
Total Interest Payable	1,397	1,301
Interest Receivable		
Bank interest	-	1
Group interest receivable	-	1
Share of Joint Ventures' interest receivable	-	-
Total Interest Receivable	-	1
Net Group Interest Payable	939	915
4 Profit on Ordinary Activities Before Taxation		
is stated after charging:		
Depreciation of tangible fixed assets	105	131
Inventory expensed in the year	265	1,022
Directors' emoluments	629	629
Auditor's remuneration	62	55
and after crediting:		
Rental income	6,662	6,452
Profit on sale of tangible fixed assets	421	1,002

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

5 Tax on Profit on Ordinary Activities	2021	2020
	£'000	£'000
Current year: Corporation tax at 19.0% (2020: 19.0%)	654	938
Overseas taxation	18	44
Adjustment in respect of prior years	<u>(36)</u>	<u>(5)</u>
Total current tax charge	636	977
Deferred taxation – charge for the year	334	478
Deferred taxation – prior year adjustment	<u>(9)</u>	<u>32</u>
Group taxation expense	961	1,487
Share of Joint Ventures' taxation	<u>1,752</u>	<u>1,563</u>
Total taxation expense	<u>2,713</u>	<u>3,050</u>
Tax reconciliation:		
Profit on ordinary activities before tax	<u>13,300</u>	<u>13,403</u>
Tax on profit on ordinary activities at standard UK corporation tax rate 19.0% (2020: 19.0%)	2,527	2,547
Effects of:		
Net expenses not deductible for tax purposes	12	25
Indexation relief on chargeable gains	(156)	41
Negative goodwill not taxable (Note 24)	–	(159)
Difference in overseas tax rates	375	270
Impact of increase in tax rates	–	299
Adjustment in respect of prior years	<u>(45)</u>	<u>27</u>
Total current tax	<u>2,713</u>	<u>3,050</u>

Finance Bill 2020 was enacted on 22 July 2020 and provided that the rate of corporation tax from 1 April 2020 would remain at 19% and not reduce to 17% as legislated in Finance Act 2016. In 2020 United Kingdom deferred tax balances at 30 April 2020 were therefore re-measured at 19%. This rate has been applied at 30 April 2021.

6 Dividends on Shares Classed as Equity	2021	2020
	£'000	£'000
Paid during the year:		
One Equity interim dividend of £19.23 per share.		
(2020: One Equity interim dividend of £19.23 per share)	<u>50</u>	<u>50</u>

Certain shareholders waived their dividend entitlement.

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

7 Employees

	Group		Company	
Staff emoluments, including Directors were as follows:	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Wages and salaries	837	848	649	644
Social security costs	115	133	83	89
Pension contributions	7	7	7	7
	<u>959</u>	<u>988</u>	<u>739</u>	<u>740</u>
	No.	No.	No.	No.
The average weekly number of staff, including Directors, employed during the year was:	<u>17</u>	<u>18</u>	<u>5</u>	<u>5</u>

8 Key Management Personnel

The Directors have authority and responsibility for planning directing and controlling the activities of the Group and are considered to be the key management personnel. Total remuneration in respect of these individuals is provided below.

	2021 £'000	2020 £'000
Directors' emoluments	622	622
Pension contributions	<u>7</u>	<u>7</u>
	<u>629</u>	<u>629</u>

The highest paid Director received £212,000 in the year (2020: £212,000). Only 1 Director had pension contributions paid on their behalf during the year (2020: 1).

9 Investment Properties

Group

Freehold and long leasehold land and buildings	£'000
At 1 May 2020	73,832
Additions	2
Surplus on revaluation	<u>2,442</u>
At 30 April 2021	<u>76,276</u>

The historical cost of investment properties is £59,849,000 (2020: £59,847,000) which includes £444,500 (2020: £444,500) of capitalised interest.

Investment properties were valued as at 30 April 2021 by the Group Valuation Surveyor, who is a member of the Royal Institution of Chartered Surveyors and include certain investment properties having a combined market value of £34,375,000 independently valued during the year by Lambert Smith Hampton. All valuations were carried out on a "Market Value Basis" as defined within the Practice Statements contained in the RICS Valuation Professional Standards published by the Royal Institution of Chartered Surveyors.

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

10 Tangible Fixed Assets

<u>Group</u>	Plant and Machinery	Freehold Land, Buildings and Ground Rents	Total
<u>Cost</u>	£'000	£'000	£'000
At 1 May 2020	1,088	2,001	3,089
Currency fluctuations	(1)	(4)	(5)
Additions	7	—	7
Disposal	(43)	(264)	(307)
	<u>1,051</u>	<u>1,733</u>	<u>2,784</u>
At 30 April 2021			
<u>Depreciation</u>			
At 1 May 2020	810	907	1,717
Currency fluctuations	(1)	(3)	(4)
Charge for the year	91	14	105
Disposal	(43)	(42)	(85)
	<u>857</u>	<u>876</u>	<u>1,733</u>
At 30 April 2021			
<u>Net Book Value</u>			
At 30 April 2021	<u>194</u>	<u>857</u>	<u>1,051</u>
At 30 April 2020	<u>278</u>	<u>1,094</u>	<u>1,372</u>
<u>Company</u>		Freehold Land, Buildings and Ground Rents	Total
<u>Cost</u>		£'000	£'000
At 1 May 2020		1,406	1,406
At 30 April 2021		<u>1,406</u>	<u>1,406</u>
<u>Depreciation</u>			
At 1 May 2020		1,405	1,405
Charge for the year		—	—
At 30 April 2021		<u>1,405</u>	<u>1,405</u>
<u>Net Book Value</u>			
At 30 April 2021		<u>1</u>	<u>1</u>
At 30 April 2020		<u>1</u>	<u>1</u>

Freehold Land, Buildings and Ground Rents of the Group and Company comprises Short Leasehold Property of £nil (2020: £nil) and Ground Rents of £1,000 (2020: £1,000).

Ground Rents are capitalised at 4 years' income (2020: 4 years) and are not depreciated.

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

11 Investments

	Joint Ventures £'000	Unquoted Investments £'000	Total £'000
<u>Group</u>			
At 1 May 2020	29,172	12	29,184
Currency translation	(1,579)	—	(1,579)
Share of profit in Joint Ventures	5,597	—	5,597
At 30 April 2021	<u>33,190</u>	<u>12</u>	<u>33,202</u>

	Shares in Subsidiaries £'000	Joint Ventures £'000	Unquoted Investments £'000	Total £'000
<u>Company</u>				
At 1 May 2020	2,509	—	12	2,521
Additions	—	—	—	—
Disposals	—	—	—	—
At 30 April 2021	<u>2,509</u>	<u>—</u>	<u>12</u>	<u>2,521</u>

Details of Subsidiary Undertakings and Joint Ventures are shown on page 26.

12 Completed Developments

	2021 £'000	2020 £'000
<u>Group and Company</u>		
Completed developments at cost	<u>794</u>	<u>794</u>

13 Stocks

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Land	146	151	—	—
Work in progress	<u>4,969</u>	<u>4,561</u>	<u>—</u>	<u>—</u>
	<u>5,115</u>	<u>4,712</u>	<u>—</u>	<u>—</u>

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

14 Debtors

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	494	534	4	75
Amounts owed by Group companies	—	—	8,270	8,210
Amounts owed by related parties	3,365	3,438	2	8
Other debtors	188	194	—	—
Derivative financial assets	81	23	—	—
Corporation tax recoverable	9	7	210	57
Prepayments and accrued income	1,305	1,148	24	16
	<u>5,442</u>	<u>5,344</u>	<u>8,510</u>	<u>8,366</u>

15 Creditors: Amounts Falling Due Within One Year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Long term loans due within one year	3,480	905	—	—
Trade creditors	258	259	—	9
Amounts owed to Group companies	—	—	2,324	2,250
Amounts owed to related parties	2,877	2,362	1,110	1,100
Other taxation and social security	612	464	413	216
Corporation tax payable	574	875	—	—
Other creditors	541	293	47	42
Directors' loan accounts	859	858	859	816
Derivative financial liabilities	128	173	—	—
Accruals	3,029	3,070	149	151
	<u>12,358</u>	<u>9,259</u>	<u>4,902</u>	<u>4,584</u>

Long term loans and bank overdrafts finance specific property developments and are secured by a first legal charge on the relevant site. The Company is party to a composite cross guarantee in favour of its bankers for all amounts owed to the bank by the Company and other participating UK Group undertakings in respect of the Group's bank overdraft facility and certain long term loans.

Directors' loans are unsecured and non-interest bearing.

16 Creditors: Amounts Falling Due After More Than One Year

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Long Term Loans:				
Repayable in full between two & five years	13,699	15,200	—	—
Repayable in full between one & two years	10,200	9,600	—	—
Repayable by instalments between two & five years	900	190	—	—
Repayable by instalments between one & two years	590	480	—	—
Debt issue costs	(161)	(112)	—	—
	<u>25,228</u>	<u>25,358</u>	<u>—</u>	<u>—</u>

Long term loans are secured by a first legal charge on the properties concerned and their interest is fixed at rates between 2.94% and 3.61%. They are repayable in full at their maturity date.

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

17 Provisions For Liabilities

	Group Deferred Taxation £'000	Company Deferred Taxation £'000
At 1 May 2020	2,995	—
Charge for the year	325	—
Other comprehensive income	20	—
At 30 April 2021	<u>3,340</u>	<u>—</u>

The deferred tax liability comprises the following deferred tax liabilities / (assets)

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Capital allowances	1,227	1,224	—	—
Investment property revaluation	2,130	1,807	—	—
Derivative financial instruments	(9)	(28)	—	—
Other short term timing differences	(8)	(8)	—	—
	<u>3,340</u>	<u>2,995</u>	<u>—</u>	<u>—</u>

The Finance Act 2021 received Royal Assent on 10 June 2021 and provides that the rate of United Kingdom Corporation Tax will increase from 19% to 25% with effect from 1 April 2023. United Kingdom deferred tax balances at 30 April 2021 have been measured at 19%. As these timing differences will reverse after April 2023, the deferred tax provision is expected to increase by £1.05m on re-measurement to 25%.

18 Financial Instruments

The Group and Company's financial instruments are analysed as follows:

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Financial Assets:				
Derivative financial instruments designated as hedges of variable rate interest risk	81	23	—	—
Financial assets that are debt instruments measured at amortised cost	<u>13,008</u>	<u>7,472</u>	<u>8,913</u>	<u>8,573</u>
	<u>13,089</u>	<u>7,495</u>	<u>8,913</u>	<u>8,573</u>
Financial Liabilities:				
Derivative financial instruments designated as hedges of variable rate interest risk	128	173	—	—
Financial liabilities measured at amortised cost	<u>36,433</u>	<u>33,217</u>	<u>4,489</u>	<u>4,368</u>
	<u>36,561</u>	<u>33,390</u>	<u>4,489</u>	<u>4,368</u>

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

18 Financial Instruments (Continued)

Financial assets measured at amortised cost comprise cash, trade debtors, other debtors and amounts owed by joint ventures and associated undertakings. Derivative financial instruments comprise interest rate swaps.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors, Directors loans and accruals. Derivative financial instruments comprise interest rate swaps.

Information regarding the Group's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Strategic Report.

19 Called Up Share Capital

Authorised, allotted and fully paid
£

10,000 ordinary shares of £1 each 10,000
There was no change in share capital in either year.

20 Group Cash Flow Statement

20 Group Cash Flow Statement		2021 £'000	2020 £'000	
(a) Returns on investments and servicing of finance				
Interest received		—	1	
Interest paid		(863)	(852)	
Debt issue costs		(126)	—	
Dividends paid to owners		(50)	(50)	
New long term loans		3,399	—	
Repayment of long term loans		(905)	(895)	
		<u>1,455</u>	<u>(1,796)</u>	
(b) Capital expenditure and financial investment				
Expenditure on investment properties		(2)	(1,592)	
Payments to acquire tangible fixed assets		(7)	(42)	
Proceeds from sale of tangible fixed assets		643	1,177	
Advances to Joint Ventures		36	(3,740)	
Acquisition of Joint Venture interest		—	(2,036)	
Cash acquired with subsidiary		—	358	
		<u>670</u>	<u>(5,875)</u>	
(c) Analysis of Group net debt				
	At 1 May 2020 £'000	Cash Flow £'000	Currency Fluctuations £'000	At 30 April 2021 £'000
Cash at bank and in hand	3,357	5,611	(4)	8,964
Long term loans	(26,375)	(2,494)	—	(28,869)
	<u>(23,018)</u>	<u>3,117</u>	<u>(4)</u>	<u>(19,905)</u>

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

21 Related Party Transactions

The Group is related to Emerson Developments (Holdings) Limited, a company which is subject to common influence. Amounts outstanding with the Group are disclosed in notes 14 and 15.

During the year the Group has:

- (a) Received property management services from companies within the Emerson Developments (Holdings) Limited Group, for which management fees of £535,992 (2020: £535,802) were charged and fully paid during the year.
- (b) Been invoiced for property refurbishment and maintenance work amounting to £602,017 (2020: £475,898), carried out on normal commercial terms. A further amount of £407,353 was also accrued for expenses not yet invoiced. The total amount shown in creditors as at 30 April 2021: £1,009,370 (2020: £220,447).
- (c) Invoiced goods and services to the value of £814,949 (2020: £848,809), to Orbit Investments (Properties) Limited, a subsidiary of Emerson Developments (Holdings) Limited. At the year end there were debtors of £201,000 (2020: £206,000).
- (d) Received rental income of £30,000 (2020: £30,000) in respect of property let to Emerson Developments (Holdings) Limited. This was fully paid in the year.
- (e) At the end of the year the amount due to Woodblane Developments Limited of £1,100,000 was included in creditors (2020: £1,100,000).
- (f) Certain Directors continue to provide loans to the company in 2020. Details are disclosed in note 15.
- (g) Sold land to Jones Homes (North West) Limited during 2020 on normal commercial terms, the consideration for which was paid on completion.
- (h) In 2020 provided a loan to Edge Wear Properties Limited of £3,340,000 and received dividends of £4,500,000 from the company. Edge Wear Properties Limited became a wholly owned subsidiary on 4th July 2019.

22 Capital Commitments

There were no capital commitments at 30 April 2021 or 30 April 2020.

23 Operating Leases

Future minimum lease rentals receivable under non-cancellable operating leases are as follows:

	Group		Company	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Not later than 1 year	5,275	5,830	366	483
After 1 year but not later than 5 years	7,835	10,053	614	891
After 5 years	2,049	3,401	82	520
	<u>15,160</u>	<u>19,284</u>	<u>1,062</u>	<u>1,894</u>

PE JONES (PROPERTIES) LIMITED

Notes to the Accounts

24 Effect of Acquisition of Subsidiaries

On 4th July 2019, the Group increased its interest in its Joint Venture, Edge Wear Properties Limited to 100% which has been accounted for using acquisition accounting.

The net assets acquired represented the book value as recorded in the acquired entities records and the fair value of the assets at the date of acquisition.

	Net Assets Acquired £'000
Investment properties	15,349
Debtors	256
Cash at bank	358
Creditors	(9,504)
Provisions	(713)
Investment in joint venture	<u>(2,873)</u>
	2,873
Negative goodwill arising on acquisition	<u>(837)</u>
Cash consideration	<u><u>2,036</u></u>

Negative goodwill arising on acquisition was credited to the Group Profit and Loss Account and included within the surplus on revaluation of Investment Properties.

PE JONES (PROPERTIES) LIMITED

Group Structure

The Group's related undertakings and their respective activities are as follows:

	Percentage of issued ordinary shares held By Parent Undertaking	By Subsidiary Undertaking	Principal Activities
Careways Management Services, Lda (incorporated in Portugal) (5)		38%	Property Management
Conrocha, Lda (incorporated in Portugal) (6)	100%		Property Management
Court Properties (Portugal) Limited (1)	100%		Housebuilding
Deanbank International Investments, Inc (incorporated in USA) (7)		100%	Holding Company
Deanbank Investments Limited (1)	100%		Property Management
Edge Creek, LLC (incorporated in USA) (7)		50%	Holding Company
Edge Creek Investments, LLC (incorporated in USA) (7)		50%	Holding Company
Edge Wear Properties Limited (1)	100%		Property Management
Emerson Investments International Inc (incorporated in USA) (7)		50%	Property Development
Essential Fitness & Spa, Lda (incorporated in Portugal) (5)		50%	Leisure Services
Fair City Property Co Limited (4)	100%		Property Management
Lakeside Village – Empreendimentos Turisticos, Lda (incorporated in Portugal) (6)		50%	Property Development
Lifetrend Developments Limited (1)	9%		Housebuilding
Orbit Developments (Southern) Limited (1)	9%		Property Management
Parkway Outdoor Digital Limited (2)		50%	Digital Advertising
Quinta da Boavista, S.A. (incorporated in Portugal) (5)		50%	Residential and Leisure Development
Quinta da Boavista Construcão, Lda (incorporated in Portugal) (5)		25%	Construction
Sandle Heath Nurseries Limited (3)		100%	Property Management
Sandle Heath Supplies Limited (2)		100%	Equipment Leasing
Starvillas – Portuguesa Investimentos Turisticos, Lda (incorporated in Portugal) (6)		50%	Property Management
Transview – Redes e Servicos de Comunicacoes Electronicas, Lda (incorporated in Portugal) (5)		50%	Equipment Leasing
Vaupro – Sociedade de Mediação Imobiliária, Lda (incorporated in Portugal) (6)		50%	Property Management
Vilas do Vau – Empreendimentos Imobiliários, Lda (incorporated in Portugal) (6)		40%	Property Development

The Group's non trading undertakings are as follows:

Company Registration Numbers:

03979536 (2)	2170431 (1)	7475620 (1)	3045217 (1)	03348014 (1)	10202117 (1)
2210028 (1)	2215059 (1)	2163704 (1)	4584360 (2)	2734121 (1)	
506302717 (incorporated in Portugal) (5)	507051319 (incorporated in Portugal) (5)				

All companies shown are incorporated in England and wholly owned except where indicated otherwise and operate in their country of incorporation.

Registered Office Address Key:

- (1)- Emerson House, Heyes Lane, Alderley Edge, Cheshire, SK9 7LF
- (2)- 3 Grove Street, Wilmslow, Cheshire, SK9 1DU
- (3)- Lifetrend House, Heyes Lane, Alderley Edge, Cheshire, SK9 7LF
- (4)- Atlantic Quay, 70 York Street, Glasgow, G2 8JX

- (5)- Quinta Da Boavista, 8601-901 Lagos, Algarve, Portugal
- (6)- Jardim Do Vau, Praia Do Vau, 8500-820 Portimão, Algarve, Portugal
- (7)- 370 CenterPointe Circle, Suite 1136, Altamonte Springs, Florida 32701, USA

PE JONES (PROPERTIES) LIMITED

Independent Auditor's Report to the Members of PE Jones (Properties) Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 April 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of P E Jones (Properties) Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 April 2021 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and company balance sheets, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 Group and the Parent 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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.

PE JONES (PROPERTIES) LIMITED

Independent Auditor's Report to the Members of PE Jones (Properties) Limited

Responsibilities of Directors (Continued)

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent 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 Group or the Parent 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Based on our understanding and accumulated knowledge of the Group and the sector in which it operates we considered the risks of acts by the Group which were contrary to applicable laws and regulations, including fraud, and whether such actions or non-compliance might have a material effect on the financial statements. These included but are not limited to those that relate to the form and content of the financial statements, such as Group accounting policies, Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006, relevant taxation legislation, Health and Safety and the Bribery Act 2010.

We determined that the principal risks were related to posting inappropriate journal entries, management bias in accounting estimates and revenue cut off. Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to the valuation of investment properties, the carrying value of inventories, the useful economic lives of tangible fixed assets and the impairment of investments and rent receivables;
- Identifying and testing journal entries, in particular any manual journal entries posted to either revenue or cash outside of our expectations, those including specific keywords and user activity;
- Testing a sample of rental income received throughout the year, and a further sample within a specified cut off window pre year end, through to lease agreement and bank receipt to determine if they have been recorded in the correct period;
- Testing a sample of recharged service income, within a specified cut off window pre and post year end, through to the costs being recharged to determine if they have been recorded in the correct period;
- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Agreed upon procedures communicated to the overseas component auditors in respect of the risk of management override and revenue cut off;
- Review of minutes of Board meetings throughout the period; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:
<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Discussed by:

Gary Harding

Gary Harding (Senior Statutory Auditor)

For and on behalf of BDO LLP, Manchester, UK

Date: 22 September 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).