

COMPANY REGISTRATION NUMBER: 02569040

Parkinson Estates PLC
Financial Statements
31 March 2019



INDEPENDENT AUDITORS LLP
Chartered Accountants & Statutory Auditor
Emstrey House North
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

Parkinson Estates PLC

Financial Statements

Year ended 31 March 2019

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Parkinson Estates PLC

Strategic Report

Year ended 31 March 2019

Principal activity

The principal activities of the group continue to be the trading and development of residential and commercial land and property.

Results and performance

Parkinson Estates PLC is the parent company of a group of companies predominantly engaged in the trading and development of residential and commercial land and property.

As shown in the consolidated statement of income and retained earnings on page 9, group turnover has decreased by 6% from the previous year. Profit before tax has been heavily impacted by the write off of related party debtor balances totalling £885,000 and this has resulted in a loss before tax of £171,052 against a profit before tax of £737,151 in the previous year. Excluding the bad debt write offs profit before tax would have been £713,948, a decrease of just over 3% on the prior year.

The consolidated statement of financial position on page 11 of the financial statements shows the financial position of the group at the balance sheet date. Net assets have decreased during the year from £10,256,365 to £10,159,655 and is a direct result of the bad debt write offs noted above.

The group results for the year are set out on page 9. The directors declared an interim dividend of £16,830 during the year (2018: £46,920). A loss of £79,880 (2018: £723,675 profit) has been transferred to reserves.

Risks and uncertainties

The group's main financial risk is the devaluation of stock and investment property. This risk is managed by the group monitoring market conditions.

Delays in obtaining planning permissions on its sites are a continuing risk for the group. This risk is managed by responding rapidly to planning authority progress and queries and maintaining strong relationships with landowners and customers.

All sales are made in the UK in sterling and therefore the company has no foreign exchange exposure. Credit risk is not considered to be a risk as completion of property deals occurs simultaneously with the transfer of funds. The group holds cash in deposit bank accounts such that significant movements in interest rates would therefore affect investment income earned.

The group has considerable financial resources and continues to trade profitably. As a consequence, the directors believe that the group is well placed to manage its business risks successfully, despite the current uncertain economic outlook.

Key performance indicators

The directors consider the key measurement of effectiveness is profit before tax. For the year ended 31 March 2019 loss before tax is £171,052 compared to a profit of £737,151 in the previous period. As noted above, the results for the year have been severely impacted by the write off of connected party debtor balances totalling £885,000.

Future developments

The group continues to actively seek new dealings in land and buildings and a number of potential exciting developments are in the pipeline. The company is actively seeking new development and investment opportunities. The strength of the group balance sheet enables it to develop any projects which are felt to have potential and be of benefit to the group.

Parkinson Estates PLC

Strategic Report *(continued)*

Year ended 31 March 2019

This report was approved by the board of directors on18/09/2019..... and signed on behalf of the board by:



S Parkinson
Director

Registered office:
Parkinson Estates PLC
Windsor Court
9-13 Olton Road
Shirley
Solihull
B90 3NF

Parkinson Estates PLC

Directors' Report

Year ended 31 March 2019

The directors present their report and the financial statements of the group for the year ended 31 March 2019.

Directors

The directors who served the company during the year were as follows:

M C Parkinson
S Parkinson

Dividends

Particulars of recommended dividends are detailed in note 9 to the financial statements.

Disclosure of information in the strategic report

In accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the company has chosen to set out information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 in the company's strategic report.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 group and the company and 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 judgments 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Parkinson Estates PLC

Directors' Report *(continued)*

Year ended 31 March 2019

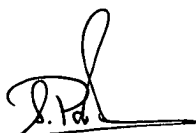
Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on ...8/09/2019..... and signed on behalf of the board by:



S Parkinson
Director

Registered office:
Parkinson Estates PLC
Windsor Court
9-13 Olton Road
Shirley
Solihull
B90 3NF

Parkinson Estates PLC

Independent Auditor's Report to the Members of Parkinson Estates PLC

Year ended 31 March 2019

Opinion

We have audited the financial statements of Parkinson Estates PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows and the related notes, 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 31 March 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Parkinson Estates PLC

Independent Auditor's Report to the Members of Parkinson Estates PLC

(continued)

Year ended 31 March 2019

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the *strategic report and directors' report for the financial year for which the financial statements are prepared* is consistent with the financial statements; and
- the *strategic report and directors' report* has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the *strategic report and the directors' report*.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and the 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; and

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.

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.

Parkinson Estates PLC

Independent Auditor's Report to the Members of Parkinson Estates PLC

(continued)

Year ended 31 March 2019

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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Parkinson Estates PLC

Independent Auditor's Report to the Members of Parkinson Estates PLC

(continued)

Year ended 31 March 2019

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Independent Auditors LLP

Jonathon Dale BA(Hons) FCA (Senior Statutory Auditor)

For and on behalf of
Independent Auditors LLP
Chartered Accountants & Statutory Auditor
Emstrey House North
Shrewsbury Business Park
Shrewsbury
Shropshire
SY2 6LG

23 SEPTEMBER 2019

Parkinson Estates PLC

Consolidated Statement of Income and Retained Earnings

Year ended 31 March 2019

	Note	2019 £	2018 £
Turnover	4	159,998	169,392
Cost of sales		<u>16,942</u>	<u>21,257</u>
Gross profit		143,056	148,135
Administrative expenses		<u>930,236</u>	<u>61,354</u>
Operating (loss)/profit	5	(787,180)	86,781
Share of profit of associates	12	604,627	642,397
Other interest receivable and similar income	7	<u>11,501</u>	<u>7,973</u>
(Loss)/profit before taxation		(171,052)	737,151
Tax on (loss)/profit	8	<u>(91,172)</u>	<u>13,476</u>
(Loss)/profit for the financial year and total comprehensive income		<u>(79,880)</u>	<u>723,675</u>
Dividends paid and payable	9	(16,830)	(46,920)
Retained earnings at the start of the year		<u>10,205,365</u>	<u>9,528,610</u>
Retained earnings at the end of the year		<u>10,108,655</u>	<u>10,205,365</u>

All the activities of the group are from continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

Parkinson Estates PLC

Company Statement of Income and Retained Earnings

Year ended 31 March 2019

	Note	2019 £	2018 £
(Loss)/profit for the financial year and total comprehensive income		(521,074)	113,729
Dividends paid and payable	9	(16,830)	(46,920)
Retained earnings at the start of the year		<u>3,241,107</u>	<u>3,174,298</u>
Retained earnings at the end of the year		<u><u>2,703,203</u></u>	<u><u>3,241,107</u></u>

The notes on pages 14 to 26 form part of these financial statements.

Parkinson Estates PLC

Consolidated Statement of Financial Position

31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	1,715,757	1,675,777
Investments:	12		
Investments in associates		<u>929,586</u>	<u>1,024,959</u>
		2,645,343	2,700,736
Current assets			
Stocks	13	48,720	47,909
Debtors	14	57,877	5,408,539
Cash at bank and in hand		<u>7,493,622</u>	<u>2,272,162</u>
		7,600,219	7,728,610
Creditors: amounts falling due within one year	15	<u>164,466</u>	<u>165,880</u>
Net current assets		<u>7,435,753</u>	<u>7,562,730</u>
Total assets less current liabilities		10,081,096	10,263,466
Provisions			
Taxation including deferred tax	16	<u>(78,559)</u>	<u>7,101</u>
Net assets		<u>10,159,655</u>	<u>10,256,365</u>
Capital and reserves			
Called up share capital	19	51,000	51,000
Profit and loss account	20	<u>10,108,655</u>	<u>10,205,365</u>
Shareholders funds		<u>10,159,655</u>	<u>10,256,365</u>

These financial statements were approved by the board of directors and authorised for issue on 18/09/2019, and are signed on behalf of the board by:



S Parkinson
Director

Company registration number: 02569040

The notes on pages 14 to 26 form part of these financial statements.

Parkinson Estates PLC
Company Statement of Financial Position
31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	11	1,715,757	1,675,777
Investments	12	<u>1,003</u>	<u>1,003</u>
		1,716,760	1,676,780
Current assets			
Stocks	13	46,669	45,858
Debtors	14	54,801	3,008,251
Cash at bank and in hand		<u>2,635,308</u>	<u>340,989</u>
		2,736,778	3,395,098
Creditors: amounts falling due within one year	15	<u>1,777,894</u>	<u>1,772,670</u>
Net current assets		<u>958,884</u>	<u>1,622,428</u>
Total assets less current liabilities		2,675,644	3,299,208
Provisions			
Taxation including deferred tax	16	<u>(78,559)</u>	<u>7,101</u>
Net assets		<u>2,754,203</u>	<u>3,292,107</u>
Capital and reserves			
Called up share capital	19	51,000	51,000
Profit and loss account	20	<u>2,703,203</u>	<u>3,241,107</u>
Shareholders funds		<u>2,754,203</u>	<u>3,292,107</u>

The loss for the financial year of the parent company was £521,074 (2018: £113,729 profit).

These financial statements were approved by the board of directors and authorised for issue on 15.05.2019....., and are signed on behalf of the board by:



S Parkinson
 Director

Company registration number: 02569040

The notes on pages 14 to 26 form part of these financial statements.

Parkinson Estates PLC
Consolidated Statement of Cash Flows
Year ended 31 March 2019

	2019 £	2018 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(79,880)	723,675
<i>Adjustments for:</i>		
Depreciation of tangible assets	252	194
Fair value adjustment of investment property	(38,734)	(61,401)
Share of profit of associates	(604,627)	(642,397)
Other interest receivable and similar income	(11,501)	(7,973)
Tax on (loss)/profit	(91,172)	13,476
Accrued (income)/expenses	(16,113)	12,251
<i>Changes in:</i>		
Stocks	(811)	(1,128)
Trade and other debtors	5,353,357	8,253
Trade and other creditors	(904)	6,486
Cash generated from operations	4,509,867	51,436
Interest received	11,501	7,973
Tax paid	(863)	(7,998)
Net cash from operating activities	<u>4,520,505</u>	<u>51,411</u>
Cash flows from investing activities		
Purchase of tangible assets	(1,498)	-
Dividends received	700,000	400,000
Net cash from investing activities	<u>698,502</u>	<u>400,000</u>
Cash flows from financing activities		
Proceeds from borrowings	19,283	51,366
Dividends paid	(16,830)	(46,920)
Net cash from financing activities	<u>2,453</u>	<u>4,446</u>
Net increase in cash and cash equivalents	5,221,460	455,857
Cash and cash equivalents at beginning of year	2,272,162	1,816,305
Cash and cash equivalents at end of year	<u>7,493,622</u>	<u>2,272,162</u>

The notes on pages 14 to 26 form part of these financial statements.

Parkinson Estates PLC
Notes to the Financial Statements
Year ended 31 March 2019

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Parkinson Estates PLC, Windsor Court, 9-13 Olton Road, Shirley, Solihull, B90 3NF.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

General information and basis of preparation

Parkinson Estates PLC is a company limited by shares incorporated in England within the United Kingdom. The address of the registered office is disclosed on the Strategic Report.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

Fixed asset investments

Fixed asset investments are stated at cost less provision for impairment.

In the consolidated financial statements, shares in associated undertakings are accounted for using the equity method of accounting. The consolidated profit and loss account includes the group's share of the pre-tax profits and attributable taxation of the associates based on financial statements for the year ended 31 March 2019. In the consolidated balance sheet, the shares in associates are shown at the group's share of the net assets of the associates.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk to changes in value.

Parkinson Estates PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

Consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the equity method and goodwill on consolidation has been capitalised and written off over its useful economic life. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006.

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. These estimates and judgments are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

Turnover represents the amount receivable in respect of property sales, rental income on property held, property valuation fees and management fees. Rental income is recognised in the period to which the charge relates, sale of freehold rents is recognised on the date the transfer is signed by both parties. Property valuation fees and management fees are recognised on an accruals basis.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.

Income tax

Taxation expense represents the aggregate amount of current tax and deferred tax recognised in the reporting period.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Goodwill

Goodwill arises on business acquisitions and represents the excess of the cost of the acquisition over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities of the acquired business.

Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. It is amortised on a straight-line basis over its useful life. Where a reliable estimate of the useful life of goodwill or intangible assets cannot be made, the life is presumed not to exceed ten years.

Parkinson Estates PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Goodwill - 10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery - 15% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Parkinson Estates PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Parkinson Estates PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

3. Accounting policies *(continued)*

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, which the transaction is measured at the present value of the future receipts discounted at market rate of interest. Financial assets classified as receivable within one year are not amortised.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payment discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

4. Turnover

Turnover arises from:

	2019	2018
	£	£
Sale of freehold property	38,080	39,010
Management fees	12,841	26,676
Commissions	3,600	—
Rental income	105,477	103,706
	<u>159,998</u>	<u>169,392</u>

Parkinson Estates PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

4. Turnover *(continued)*

The whole of the turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Operating profit

Operating profit or loss is stated after charging/crediting:

	2019	2018
	£	£
Depreciation of tangible assets	252	194
Fair value adjustments to investment property	(38,734)	(61,401)
Impairment of other debtors	885,000	–
	<u>885,000</u>	<u>–</u>

6. Auditor's remuneration

	2019	2018
	£	£
Fees payable for the audit of the financial statements	4,900	4,750
	<u>4,900</u>	<u>4,750</u>

7. Other interest receivable and similar income

	2019	2018
	£	£
Interest on cash and cash equivalents	11,501	7,973
	<u>11,501</u>	<u>7,973</u>

8. Tax on (loss)/profit

Major components of tax (income)/expense

	2019	2018
	£	£
Current tax:		
UK current tax (income)/expense	(5,512)	6,375
Deferred tax:		
Origination and reversal of timing differences	(85,660)	7,101
Tax on (loss)/profit	<u>(91,172)</u>	<u>13,476</u>

Parkinson Estates PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

8. Tax on (loss)/profit *(continued)*

Reconciliation of tax (income)/expense

The tax assessed on the (loss)/profit on ordinary activities for the year is lower than (2018: lower than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
(Loss)/profit on ordinary activities before taxation	(171,052)	737,151
(Loss)/profit on ordinary activities by rate of tax	(32,500)	140,059
Effect of expenses not deductible for tax purposes	8,791	(11,666)
Effect of capital allowances and depreciation	(237)	37
Utilisation of tax losses	(5,512)	-
Unused tax losses	138,825	-
Share of profit of associates	(114,879)	(122,055)
Deferred tax	(85,660)	7,101
Tax on (loss)/profit	<u>(91,172)</u>	<u>13,476</u>

9. Dividends

	2019 £	2018 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>16,830</u>	<u>46,920</u>

10. Intangible assets

Group	Goodwill £
Cost	
At 1 April 2018 and 31 March 2019	<u>(309,611)</u>
Amortisation	
At 1 April 2018 and 31 March 2019	<u>(309,611)</u>
Carrying amount	
At 1 April 2018 and 31 March 2019	<u>-</u>
At 31 March 2018	<u>-</u>

The company has no intangible assets.

Parkinson Estates PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

11. Tangible assets

Group and company	Land and buildings £	Plant and machinery £	Total £
Cost or valuation			
At 1 April 2018	1,675,604	13,580	1,689,184
Additions	–	1,498	1,498
Revaluations	38,734	–	38,734
At 31 March 2019	<u>1,714,338</u>	<u>15,078</u>	<u>1,729,416</u>
Depreciation			
At 1 April 2018	–	13,407	13,407
Charge for the year	–	252	252
At 31 March 2019	<u>–</u>	<u>13,659</u>	<u>13,659</u>
Carrying amount			
At 31 March 2019	<u>1,714,338</u>	<u>1,419</u>	<u>1,715,757</u>
At 31 March 2018	<u>1,675,604</u>	<u>173</u>	<u>1,675,777</u>

The investment property held by the group and company was formally revalued on an open market basis on 25 August 2015 by Mr D J Coleman MRICS MARLA FNAEA of Hollier Browne Chartered Surveyors at a market value of £1,450,000.

The directors have revalued the investment property on an open market basis as at the balance sheet date by reference to publicly available property price information in the sum of £1,714,338.

The historic cost of the investment property was £1,257,276 (2018 : £1,257,276).

12. Investments

Group	Interests in associates £
Share of net assets/cost	
At 1 April 2018	1,024,959
Share of profit or loss	604,627
Dividends received	(700,000)
At 31 March 2019	<u>929,586</u>
Impairment	
At 1 April 2018 and 31 March 2019	<u>–</u>
Carrying amount	
At 31 March 2019	<u>929,586</u>
At 31 March 2018	<u>1,024,959</u>

Parkinson Estates PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

12. Investments *(continued)*

Company	Shares in group undertakings £
Cost	
At 1 April 2018 and 31 March 2019	<u>1,003</u>
Impairment	
At 1 April 2018 and 31 March 2019	<u>-</u>
Carrying amount	
At 1 April 2018 and 31 March 2019	<u>1,003</u>
At 31 March 2018	<u>1,003</u>

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Homedeal Limited	Ordinary	100
Countrypark Properties Limited	Ordinary	100
Associates		
Stanley N Evans (Properties) Limited	Ordinary	50
Maypole Estates Limited	Ordinary	50

Investments in associates

Summarised financial information of associates:

	2019 £	2018 £
Fixed assets	57,154	57,344
Current assets	1,468,965	1,593,933
Current liabilities	<u>596,532</u>	<u>626,318</u>
Revenues	<u>753,265</u>	<u>810,699</u>

13. Stocks

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Land and buildings for resale	<u>48,720</u>	<u>47,909</u>	<u>46,669</u>	<u>45,858</u>

Parkinson Estates PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

14. Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	4,272	2,511	522	511
Called up share capital not paid	37,499	37,499	37,499	37,499
Prepayments and accrued income	3,301	5,983	3,975	7,695
Corporation tax repayable	5,512	–	5,512	–
Other debtors	7,293	5,362,546	7,293	2,962,546
	<u>57,877</u>	<u>5,408,539</u>	<u>54,801</u>	<u>3,008,251</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	6,737	2,039	6,737	2,039
Amounts owed to group undertakings	–	–	1,620,244	1,620,244
Accruals and deferred income	13,312	26,730	11,840	19,483
Corporation tax	–	6,375	–	5,512
Director loan accounts	144,417	125,134	139,073	119,790
Other creditors	–	5,602	–	5,602
	<u>164,466</u>	<u>165,880</u>	<u>1,777,894</u>	<u>1,772,670</u>

16. Provisions

Group and company	Deferred tax (note 17) £
At 1 April 2018	7,101
Additions	(78,559)
Unused amounts reversed	(7,101)
At 31 March 2019	<u>(78,559)</u>

Parkinson Estates PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

17. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Included in provisions (note 16)	<u>(78,559)</u>	<u>7,101</u>	<u>(78,559)</u>	<u>7,101</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Fair value adjustment of investment property	-	7,101	-	7,101
Unused tax losses	<u>(78,559)</u>	<u>-</u>	<u>(78,559)</u>	<u>-</u>
	<u>(78,559)</u>	<u>7,101</u>	<u>(78,559)</u>	<u>7,101</u>

18. Financial instruments

The carrying amount for each category of financial instrument is as follows:

Financial assets measured at fair value through profit or loss

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Financial assets measured at fair value through profit or loss	<u>1,714,338</u>	<u>1,675,604</u>	<u>1,714,338</u>	<u>1,675,604</u>

Financial assets that are debt instruments measured at amortised cost

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	4,272	2,511	522	511
Other debtors	-	5,355,000	-	2,955,000
Cash at bank and in hand	<u>7,493,622</u>	<u>2,272,162</u>	<u>2,635,308</u>	<u>340,989</u>
	<u>7,497,894</u>	<u>7,629,673</u>	<u>2,635,830</u>	<u>3,296,500</u>

Financial assets that are equity instruments measured at cost less impairment

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Shares in group undertakings	-	-	1,003	1,003
Interest in associates	<u>929,586</u>	<u>1,024,959</u>	<u>-</u>	<u>-</u>
	<u>929,586</u>	<u>1,024,959</u>	<u>1,003</u>	<u>1,003</u>

Parkinson Estates PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

18. Financial instruments *(continued)*

Financial liabilities measured at amortised cost

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	6,737	7,641	6,737	7,641
Director loan accounts	144,417	125,134	139,073	119,790
Amounts owed to group undertakings	-	-	1,620,244	1,620,244
	<u>151,154</u>	<u>132,775</u>	<u>1,766,054</u>	<u>1,747,675</u>

19. Called up share capital

Issued, called up and fully/partly paid

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>51,000</u>	<u>51,000.00</u>	<u>51,000</u>	<u>51,000.00</u>

Each share is entitled to one vote in any circumstances and each share is also entitled parri passu to dividend payments or any other distributions, including a distribution arising from a winding up of the company. Partly paid share capital totals £37,499 (2018 - £37,499)

20. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses and includes a fair value reserve of £457,062 (2018 - £418,028).

21. Contingencies

Parkinson Estates plc has guaranteed the liabilities of Countrypark Properties Limited (registered number 04590184) and Homedeal Limited (registered number 01858570) in order that both companies qualify for exemption from audit under Section 479a of the Companies Act 2006 in respect of the year ended 31 March 2019.

Parkinson Estates PLC

Notes to the Financial Statements *(continued)*

Year ended 31 March 2019

22. Directors' advances, credits and guarantees

During the year the directors entered into the following advances and credits with the company and its subsidiary undertakings:

	2019		
	Balance brought forward £	Advances/ (credits) to the directors £	Balance outstanding £
M C Parkinson	(62,567)	(9,642)	(72,209)
S Parkinson	(62,567)	(9,641)	(72,208)
	<u>(125,134)</u>	<u>(19,283)</u>	<u>(144,417)</u>

	2018		
	Balance brought forward £	Advances/ (credits) to the directors £	Balance outstanding £
M C Parkinson	(36,884)	(25,683)	(62,567)
S Parkinson	(36,884)	(25,683)	(62,567)
	<u>(73,768)</u>	<u>(51,366)</u>	<u>(125,134)</u>

The non-interest bearing loans are repayable upon demand.

23. Related party transactions

Included within debtors due within one year are loans to related parties as follows:

	Group		Company	
	2019 £	2018 £	2019 £	2018 £
Vantage Automotive PTY Limited	-	800,000	-	650,000
Rock My Wedding Limited	-	105,000	-	105,000
Equity House Developments Limited	-	4,450,000	-	2,200,000

Vantage Automotive PTY Limited is a company owned by S Price and her spouse. S Price is a close family relative of S Parkinson and M Parkinson. During the year the group have written off £800,000 and the company £650,000 on the basis the debt is now deemed to be irrecoverable as the company was placed into administration in August 2019 and no amount is expected to be recovered.

Rock My Wedding Limited was 47.5% owned by S Parkinson and 15% owned by M C Parkinson and a company in which both were directors up until August 2019. During the year the group and company have written off £85,000 of the debt following formal write off of the loan in August 2019.

Equity House Developments Limited is 100% owned by S Parkinson and a company in which both S Parkinson and M C Parkinson are directors: The loan is non-interest bearing with no fixed repayment date