

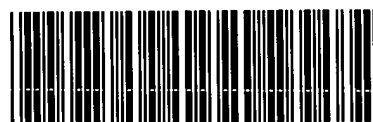
Registered number: 00490726

**HORTONS' ESTATE LIMITED**

Annual Report and Consolidated Financial Statements

30 September 2022

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## Strategic report

### Objectives

Hortons' Estate Limited and subsidiaries ("the Group") long term objectives are:

- to increase recurring returns in order to support a progressive dividend policy;
- to grow the property development business earning trading profits; and
- to increase net asset value, in line, or better than, similar companies.

The aftermath of the COVID-19 pandemic and the measures the Government took to mitigate its effects had a huge impact on the UK economy and when coupled with high inflation, increasing interest rates and ongoing economic uncertainty, makes for a challenging period for commercial property and the ongoing performance of the Group. However, this has not impacted our long-term objectives. Despite the ongoing challenges, the Group continues to pursue these objectives, whilst maintaining sound financial management and avoiding excessive risk.

### Key business strategies

In pursuit of its objectives the Group has devised a number of key business strategies, which have been successfully implemented over recent years.

We aim to secure increased rental income and capital value from our existing portfolio by active management. This involves the refurbishment and redevelopment of properties to meet the changing needs of the market, working with our existing tenants to secure rental income in the long term and a proactive approach to the letting of vacant space.

We constantly review our portfolio and seek to dispose of properties that we feel do not have prospects for long term growth or there are no strategic reasons for their retention. At the same time we seek to acquire properties and land that offer the opportunity for long term growth or trading profits through active management, refurbishment and redevelopment.

We aim to have sufficient finance for our activities with access to additional funds to enable opportunities to be secured as they arise.

Delivery of strategic objectives are constantly reviewed by the Board in the light of the Group's performance and changing market conditions to ensure it remains appropriate to achieve the Group's objectives.

### Risks and uncertainties

The key risk areas of the Group are:

#### *Investment portfolio*

- tenant default;
- change in demand for space; and
- market pricing affecting value.

#### *Financial*

- counterparty credit risk;
- reduced availability of debt finance; and
- increased cost of debt finance.

## Strategic report *(continued)*

However, along with the key risks identified the Group seeks to manage, as far as possible, the risks that it faces.

The Group's property portfolio is diversified by geographical area and property type in order to spread risk. However, a significant proportion of the portfolio is located in Birmingham city centre.

A significant element of borrowing costs are fixed by the use of hedging instruments such as interest rate swaps. The Group deals with a variety of different banks to mitigate liquidity risk and a loss of appetite for property finance. The Group operates within its available borrowing facilities and covenants and forecasts indicate it will continue to do so.

Joint ventures are undertaken with partners who have complementary skills to add both expertise and spread financial risk. The Board regularly monitors the performance and strategic fit of all of its joint ventures.

The Group's credit risk is primarily attributable to the failure of its tenants to pay their rent. The financial assessment of tenants is part of the daily routine of the Group. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

As environmental matters become more of a priority, the Group is keeping under review all the impacts and risks to the business. The risks to the investment portfolio remain the same, in particular the changing demands of occupiers and investors, with additional consideration required for changes to legislation and the capital investment required to meet these changes.

### Key performance indicators

The Group uses a number of financial measures to monitor progress against strategic and corporate objectives. These are summarised below:

	2022 £000	2021 £000
Revaluation (deficit) / surplus	(928)	9,066
Recurring rental income including joint ventures	17,948	16,588
Development income including joint ventures	11,741	9,080
Vacancy rate	9%	8%


In addition to financial measures, the Board also monitors the Group's operations with the objective of ensuring that health and safety is at the core of all working practices. In measuring the success of this, the Board reviews the level of reported incidents and monitors the training being undertaken by all relevant employees.

During the year effects of the coronavirus pandemic continued to be worked through and there has been a return to a form of pre-pandemic normality. However, this return has been disrupted by other challenges, including high inflation, rising interest rates and general economic uncertainty. Despite these challenges the Group has delivered a positive operational and financial performance in the year to 30 September 2022.

### Future prospects

The Board is confident that the Group's strategy will continue to deliver results over the long term that meet our shareholders' expectations in the years to come.

Approved by the Board of Directors on 16 December 2022 and signed on its behalf by:



**S R C Benson**  
Director

## Directors' report

The Directors present their annual report and the audited financial statements for Hortons' Estate Limited and subsidiaries for the year ended 30 September 2022.

### Principal activities and business review

The Group's main activities are commercial property investment and development in the United Kingdom.

The value of the investment property portfolio increased by £8,700,000 (2021: £9,795,000) during the year. The increase in value is primarily attributable to additions in the year being in excess of disposals. The outcome of the year end revaluation exercise is a small increase in value which is mainly due to management action in the period, which is offset by a decline in investor sentiment towards commercial property following the recent economic uncertainty. The revaluation movement is shown in the profit and loss account as a decrease of £928,000 as it is stated net of the movement in rent incentives of £1,091,000.

Borrowings net of cash is at a similar level to prior year, which leaves the Group with sufficient cash and non-utilised funds to ensure that any future investment will allow borrowings to remain within the Director's target range. Following the successful refinancing of the Group's facilities in November 2021, and an extension of another, there are now no facilities that require renewal prior to May 2024.

Increased gross profit is mainly due to two reasons, firstly, improvement in net rental income as a result of higher gross rents and a reduction in property outgoing and secondly, due to an increase in development profits.

Trading conditions for our tenants, in particular those in the retail and hospitality sector, have improved since the start of the calendar year, following the gradual easing of all significant Government restrictions and guidance related to COVID-19. Despite new headwinds from high inflation, increasing interest rates and ongoing economic uncertainty, rent and service charge collection has seen an improvement. Progress has been made on settling arrears related to the period of the pandemic and various lockdowns, albeit some of these settlements have been at the cost of rental concessions. The payment of these arrears led to the reversal of bad debt provisioning from previous years.

Development activities continue as the Group continues to promote and bring forward existing sites for development as well as identify new opportunities. A number of developments were sold or completed during the year, which has generated both development income and profits.

Overall profits for the year have been boosted by strong performances by the Group's joint ventures.

### Results and Dividends

The Directors report profit after tax of £22,782,000 (2021: profit after tax of £18,893,000), with profit after tax attributable to the owners of the parent Company being £9,695,000 (2021: profit after tax of £18,819,000).

The Group results for the year are set out in the consolidated profit and loss account on page 9.

A final dividend in respect of 2021, of 212p per share, was paid on 27 January 2022. An interim dividend for 2022 of 91p per share, was paid on 28 July 2022.

### Market value of investment properties

In the current year valuations were performed by Jones Lang Lasalle. The valuation methodology applied is in accordance with the current RICS Valuation - Global Standards, incorporating the IVS and RICS Valuation 2017 – Global Standards UK national supplement (the RICS Red Book) by Royal Institution of Chartered Surveyors on the basis of fair value, which is consistent with the required FRS 102 methodology.

For the year ended 30 September 2022 the fair value movement of the investment property portfolio was a decrease of £928,000 (2021: £9,066,000 increase).

## Directors' report *(continued)*

### Going concern

When assessing going concern the Directors have considered a base case forecast and a severe, but plausible downside, scenario as part of their assessment.

They are satisfied that the Group has adequate resources to continue to be operational as a going concern for a period of at least 12 months from the date of signing the financial statements and therefore have adopted the going concern basis in preparing the annual financial statements. More details can be found in note 1.2 Going concern.

### Directors

The Directors who served during the year were:

P M Horton	Chairman
S R C Benson	Chief Executive
D A Freeman	
I G Greaves	
S J Gulliford	
H E T Horton	
P J G Lee	

### Directors' remuneration

It is the Company's policy to provide a competitive remuneration package to executives to attract, retain and motivate them and ensure that the Company is managed successfully in the interests of the shareholders.

Executives participate in a performance linked annual bonus scheme. The level of bonuses are determined by the Remuneration Committee taking into account the level of profit, asset growth and other personal targets.

Full details of Directors' remuneration are available to shareholders on written application to the Company Secretary.

### Political and charitable donations

During the year, the Company made the following donations:

	2022 £	2021 £
For political purposes	-	-
For charitable purposes (UK only)	23,000	4,000
	<u>23,000</u>	<u>4,000</u>

### Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

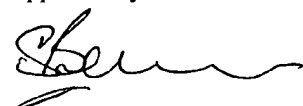
### Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each Director has taken all the 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's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

Approved by the Board of Directors on 16 December 2022 and signed on its behalf by:



**S R C Benson**  
Director

## **Statement of Directors' responsibilities in respect of the annual report and the financial statements**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the Group's profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.



## **Independent auditor's report to the members of Hortons' Estate Limited**

### **Opinion**

We have audited the financial statements of Hortons' Estate Limited ("the Company") for the year ended 30 September 2022 which comprise the Consolidated profit and loss account and other comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statements of changes in equity, Company statement of changes in equity, Consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 30 September 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Going concern**

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

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors as to the Group's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

## **Independent auditor's report to the members of Hortons' Estate Limited (continued)**

### **Fraud and breaches of laws and regulations – ability to detect (continued)**

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because there is no significant incentive for management to fraudulently recognise revenue and the revenue recognised by the Group is non-complex in nature.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the Group-wide fraud risk management controls

We performed procedures including:

- Identifying journal entries to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected pairings in relation to cash and loans.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **Independent auditor's report to the members of Hortons' Estate Limited (continued)**

### **Strategic report and directors' report**

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

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

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 5, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and 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 they either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

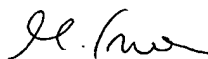
### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

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

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



**Michael Froom (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

16 December 2022

**Consolidated profit and loss account and other comprehensive income**  
*for the year ended 30 September 2022*

	<i>Note</i>	2022 £000	2021 £000
<b>Turnover</b>			
Group and share of joint ventures		29,689	25,668
Less share of joint ventures		(8,510)	(4,176)
		<hr/>	<hr/>
Cost of sales	2	21,179 (4,546)	21,492 (7,932)
		<hr/>	<hr/>
<b>Gross profit</b>		16,633	13,560
Administrative expenses		(6,272)	(2,766)
Other operating income	3	1,518	8,761
		<hr/>	<hr/>
<b>Group operating profit</b>		11,879	19,555
Group's share of profit in joint ventures	12	13,604	5,260
		<hr/>	<hr/>
<b>Operating profit including share of joint ventures</b>		25,483	24,815
Other interest receivable and similar income	7	6,621	4
Interest payable and similar expenses	8	(2,365)	(90)
		<hr/>	<hr/>
<b>Profit before taxation</b>		29,739	24,729
Tax charge for the year	9	(6,957)	(5,836)
		<hr/>	<hr/>
<b>Profit after taxation</b>		22,782	18,893
		<hr/>	<hr/>
<b>Profit after tax attributable to:</b>			
Non controlling interest		13	74
Owners of parent company		22,769	18,819
		<hr/>	<hr/>
		22,782	18,893
<b>Other comprehensive income/(expense)</b>			
Remeasurement of the net defined benefit liability	22	1,363	(98)
Tax on other comprehensive income/(expense)	9	(259)	19
		<hr/>	<hr/>
<b>Other comprehensive income/(expense) for the year, net of tax</b>		1,104	(79)
		<hr/>	<hr/>
<b>Total comprehensive income/(expense) for the year</b>		23,886	18,814
		<hr/>	<hr/>
<b>Total comprehensive income/(expense) attributable to:</b>			
Non controlling interest		13	74
Owners of parent company		23,873	18,740
		<hr/>	<hr/>
		23,886	18,814
		<hr/>	<hr/>

**Consolidated balance sheet**  
*at 30 September 2022*

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Tangible assets	10	32	41
Investment properties	11	231,040	222,340
Investments in joint ventures	12	39,541	29,145
		<u>270,613</u>	<u>251,526</u>
<b>Current assets</b>			
Stocks	14	2,243	3,406
Debtors (including £5,803,000 due after more than one year (2021: £nil))	15	13,546	5,045
Cash and cash equivalents	16	7,696	3,452
		<u>23,485</u>	<u>11,903</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(14,807)</u>	<u>(9,833)</u>
<b>Net current assets</b>		<u>8,678</u>	<u>2,070</u>
<b>Total assets less current liabilities</b>		<u>279,291</u>	<u>253,596</u>
<b>Creditors: amounts falling due after more than one year</b>	18	<u>(76,992)</u>	<u>(73,807)</u>
<b>Provisions for liabilities</b>			
Deferred tax liability	21	(10,225)	(6,547)
Pensions and similar obligations	22	-	-
		<u>(87,217)</u>	<u>(80,354)</u>
<b>Net assets</b>		<u>192,074</u>	<u>173,242</u>
<b>Capital and reserves</b>			
Called up share capital	23	1,668	1,668
Share premium account		942	942
Revaluation reserve		68,944	71,894
Joint venture reserve		13,133	8,400
Capital redemption reserve		232	232
Rebuilding reserve		-	-
Profit and loss account		107,110	90,074
		<u>192,029</u>	<u>173,210</u>
Equity attributable to owners of the parent company		<u>192,029</u>	<u>173,210</u>
Non controlling interest		45	32
		<u>192,074</u>	<u>173,242</u>

These financial statements were approved by the Board of Directors on 16 December 2022 and were signed on its behalf by:



**S R C Benson**  
Director

Company registered number: 00490726

**Company balance sheet**  
*at 30 September 2022*

	<i>Note</i>	<b>2022</b> <b>£000</b>	<b>£000</b>	<b>2021</b> <b>£000</b>	<b>£000</b>
<b>Fixed assets</b>					
Tangible assets	10		32		41
Investment properties	11		188,874		181,235
Investments	13		17,271		17,271
			<hr/>		<hr/>
			206,177		198,547
<b>Current assets</b>					
Debtors (including £5,803,000 due after more than one year (2021: £nil))	15	41,653		36,738	
Cash and cash equivalents	16	7,095		2,532	
		<hr/>		<hr/>	
		48,748		39,270	
<b>Creditors: amounts falling due within one year</b>	17	(18,061)		(12,260)	
		<hr/>		<hr/>	
<b>Net current assets</b>			30,687		27,010
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			236,864		225,557
<b>Creditors: amounts falling due after more than one year</b>	18	(76,325)		(73,140)	
<b>Provisions for liabilities</b>					
Deferred tax liability	21	(6,022)		(3,645)	
Pensions and similar obligations	22	-		-	
		<hr/>		<hr/>	
			(82,347)		(76,785)
			<hr/>		<hr/>
<b>Net assets</b>			154,517		148,772
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	23		1,668		1,668
Share premium account			942		942
Revaluation reserve			61,560		64,964
Capital redemption reserve			232		232
Rebuilding reserve			-		-
Profit and loss account			90,115		80,966
			<hr/>		<hr/>
<b>Shareholders' equity</b>			154,517		148,772
			<hr/>		<hr/>

These financial statements were approved by the Board of Directors on 16 December 2022 and were signed on its behalf by:



**S R C Benson**  
*Director*

Company registered number: 00490726

## Consolidated statement of changes in equity

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Joint venture reserve £000	Capital redemption reserve £000	Rebuilding reserve £000	Profit and loss account £000	Owners of parent company total equity £000	Non controlling interest £000	Total equity £000
Balance at 1 October 2020	1,668	942	67,694	6,677	232	12,953	68,057	158,223	(42)	158,181
<b>Total comprehensive income / (expense) for the period</b>										
Profit or loss	-	-	9,066	1,518	-	-	8,235	18,819	74	18,893
Other comprehensive income/(expense)										
Remeasurement of the net defined benefit liability	-	-	-	-	-	-	(98)	(98)	-	(98)
Tax on other comprehensive expense	-	-	-	-	-	-	19	19	-	19
Total comprehensive income for the period	-	-	9,066	1,518	-	-	8,156	18,740	74	18,814
<b>Transactions with owners, recorded directly in equity</b>										
Dividends	-	-	-	-	-	-	(3,753)	(3,753)	-	(3,753)
Transfers	-	-	(4,866)	205	-	(12,953)	17,614	-	-	-
Balance at 30 September 2021	1,668	942	71,894	8,400	232	-	90,074	173,210	32	173,242
Balance at 1 October 2021	1,668	942	71,894	8,400	232	-	90,074	173,210	32	173,242
<b>Total comprehensive income/(expense) for the period</b>										
Profit or loss	-	-	(928)	4,733	-	-	18,964	22,769	13	22,782
Other comprehensive income/(expense)										
Remeasurement of the net defined benefit liability	-	-	-	-	-	-	1,363	1,363	-	1,363
Tax on other comprehensive income	-	-	-	-	-	-	(259)	(259)	-	(259)
Total comprehensive income/(expense) for the period	-	-	(928)	4,733	-	-	20,068	23,873	13	23,886
<b>Transactions with owners, recorded directly in equity</b>										
Dividends	-	-	-	-	-	-	(5,054)	(5,054)	-	(5,054)
Transfers	-	-	(2,022)	-	-	-	2,022	-	-	-
Balance at 30 September 2022	1,668	942	68,944	13,133	232	-	107,110	192,029	45	192,074

## Company statement of changes in equity

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Capital redemption reserve £000	Rebuilding reserve £000	Profit and loss account £000	Total equity £000
<b>Balance at 1 October 2020</b>	1,668	942	61,912	232	12,953	62,394	140,101
<b>Total comprehensive income/(expense) for the period</b>							
Profit or loss	-	-	7,918	-	-	4,585	12,503
<i>Other comprehensive income/(expense)</i>							
Remeasurement of the net defined benefit liability	-	-	-	-	-	(98)	(98)
Tax on other comprehensive expense	-	-	-	-	-	19	19
<b>Total comprehensive income/(expense) for the period</b>	-	-	7,918	-	-	4,506	12,424
<b>Transactions with owners, recorded directly in equity</b>							
Dividends	-	-	-	-	-	(3,753)	(3,753)
Transfers	-	-	(4,866)	-	(12,953)	17,819	-
<b>Balance at 30 September 2021</b>	1,668	942	64,964	232	-	80,966	148,772
<b>Balance at 1 October 2021</b>	1,668	942	64,964	232	-	80,966	148,772
<b>Total comprehensive income/(expense) for the period</b>							
Profit or loss	-	-	(1,382)	-	-	11,077	9,695
<i>Other comprehensive income/(expense)</i>							
Remeasurement of the net defined benefit liability	-	-	-	-	-	1,363	1,363
Tax on other comprehensive income	-	-	-	-	-	(259)	(259)
<b>Total comprehensive income/(expense) for the period</b>	-	-	(1,382)	-	-	12,181	10,799
<b>Transactions with owners, recorded directly in equity</b>							
Dividends	-	-	-	-	-	(5,054)	(5,054)
Transfers	-	-	(2,022)	-	-	2,022	-
<b>Balance at 30 September 2022</b>	1,668	942	61,560	232	-	90,115	154,517

**Consolidated cash flow statement**  
*for year ended 30 September 2022*

	<i>Note</i>	<b>2022</b> <b>£000</b>	2021 £000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		<b>22,782</b>	18,893
Adjustments for:			
Depreciation, amortisation and impairment	10	18	18
Change in value of investment properties	11	928	(9,066)
Income from Group's share of profit in joint ventures	12	(13,604)	(5,260)
Interest receivable and similar income	7	(6,621)	(4)
Interest payable and similar charges	8	2,365	90
(Gain)/loss on sale of investments and investment properties	3	(2,446)	638
Taxation	9	6,957	5,836
Other non cash movements including joint ventures		4,907	1,362
Defined benefit pension contributions	22	(1,429)	(150)
Increase in trade and other debtors		(2,698)	(1,543)
Decrease in stocks		1,163	4,645
Increase in trade and other creditors		5,170	897
Dividends paid		(5,054)	(3,753)
Interest paid		(2,495)	(2,264)
Tax paid		(3,574)	(2,077)
<b>Net cash from operating activities</b>		<b>6,369</b>	8,262
<b>Cash flows from investing activities</b>			
Proceeds from sale of investment properties		13,001	5,412
Interest received		-	4
Acquisition of tangible fixed assets		(9)	(31)
Acquisition of and additions to investment properties		(19,047)	(6,372)
<b>Net cash from investing activities</b>		<b>(6,055)</b>	(987)
<b>Cash flows from financing activities</b>			
Net repayment of borrowings		(24,538)	(7,750)
New borrowings drawn		28,875	-
Loan costs		(407)	(12)
<b>Net cash from financing activities</b>		<b>3,930</b>	(7,762)
Net increase / (decrease) in cash and cash equivalents		4,244	(487)
Cash and cash equivalents at 1 October		3,452	3,939
<b>Cash and cash equivalents at 30 September</b>		<b>7,696</b>	3,452

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Hortons' Estate Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered number is 00490726 and the registered address is Latham House, 4<sup>th</sup> Floor, 33-34 Paradise Street, Birmingham, B1 2AJ.

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")* as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included;
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

On publishing the parent company financial statements here together with the Group financial statements the Company is taking advantage of the exemption in Section 408 of the Companies Act 2006 not to present the individual income statement and selected notes that form part of the approved financial statements. The profit for the Company was £9,695,000 (2021: £12,503,000 profit).

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

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.16.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that derivative financial instruments and investment properties are stated at their fair value.

#### 1.2 Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, including the Group's financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk are set out in the Directors' report and Strategic report.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the reasons set out below.

At year end the Group had bank facilities with a total maximum drawdown of £88,625,000. Following the refinancing of one of the Group's facilities in November 2021, and the extension of another, the facilities are due for renewal between May 2024 and April 2027 (note 19).

The Directors have prepared forecasts through to 31 December 2023. These forecasts included a base case forecast and a severe but plausible downside scenario, which includes a reduction in property valuations over the forecasted period. These forecasts cover a period of at least 12 months from the date of approval of these financial statements. Both scenarios demonstrate that the Group and Company are able to remain within the current banking facilities and banking covenants for the period under review.

Consequently, the Directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 30 September 2022. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

A joint venture is a contractual arrangement undertaking in which the Group exercises joint control over the operating and financial policies of the entity. Where the joint venture is carried out through an entity, it is treated as a jointly controlled entity. The Group's share of the profits less losses of associates and of jointly controlled entities is included in the consolidated profit and loss account and its interest in their net assets is recorded on the balance sheet using the equity method.

In the parent financial statements, investments in subsidiaries and jointly controlled entities are carried at cost less impairment.

#### 1.4 Classification of financial instruments issued by the Group

In accordance with FRS 102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### 1.5 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6 Other financial instruments

##### *Derivative financial instruments and hedging*

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

#### 1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Equipment and motor vehicles	10%-50%
------------------------------	---------

Depreciation methods, useful lives and residual values are reviewed to see if there is an indication of a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

#### 1.8 Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- (a) investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise; and
- (b) no depreciation is provided in respect of investment properties applying the fair value model.

#### 1.9 Stocks and work in progress

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

#### 1.10 Impairment excluding stocks and investment properties

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the entity's non-financial assets, other than investment properties and stocks, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.10 Impairment excluding stocks and investment properties (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.11 Employee benefits

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/(asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the defined accrued benefits method. The Company recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/(asset) is recognised in other comprehensive income in the period in which it occurs.

#### 1.12 Turnover

##### *Rental income*

Gross rents from investment properties are accounted for in the period in which they accrue. When tenants are offered rent free periods, the cost of this incentive is spread over the lease term.

##### *Development income*

This represents amounts receivable for work performed, goods sold and services rendered during the year, excluding VAT and trade discounts. In respect of contracts, an appropriate proportion of the anticipated contract profit is recognised in the profit and loss account based on the stage of completion of the work and the expected end of life outcome. Provision is made for anticipated losses.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.13 Expenses

##### *Operating leases*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

##### *Interest receivable and interest payable*

Interest receivable and interest payable are recognised in profit or loss as they accrue, using the effective interest method.

#### 1.14 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for:

- differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and
- differences relating to investments in subsidiaries and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. For non-depreciable assets that are measured using the revaluation model, or investment property that is measured at fair value, deferred tax is provided at the rates and allowances applicable to the sale of the asset/property, except when the investment property has a limited useful life and the objective of the entity's business model is to consume substantially all of the value through use. In the latter case the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### 1.15 Government grants

Government grants are included within creditors in the balance sheet. Where there are specified future performance conditions on a grant, it is recognised in income only when the performance conditions are met. The grants are credited to profit and loss account over the expected useful lives of the assets to which they relate.

#### 1.16 Accounting estimates and judgements

##### *Key sources of estimation uncertainty*

The Directors consider the only areas of estimation uncertainty in the financial statements is the valuation of investment properties. The valuation is based upon assumptions, including future income and an appropriate yield, with reference to the latest market information.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.16 Accounting estimates and judgements (continued)

*Critical accounting judgements in applying the Company's accounting policies.*

The Directors consider that there are no critical accounting judgements (except for those involving estimates included above).

### 2 Turnover

	2022 £000	2021 £000
Rental income	14,830	13,674
Development income	6,349	7,818
	<hr/>	<hr/>
Total turnover	21,179	21,492
	<hr/>	<hr/>

The Group's share of the turnover of its joint ventures amounted to £8,510,000 (2021: £4,176,000), which has not been included in the above analysis of Group turnover. The Group's share of its joint ventures' rental income is £3,118,000 (2021: £2,914,000) and its share of joint ventures' development income is £5,392,000 (2021: £1,262,000).

All of the Group's turnover is generated in the United Kingdom.

### 3 Other operating income

	2022 £000	2021 £000
Fair value adjustments for investment properties	(928)	9,066
Profit / (loss) on disposal of investment properties	2,446	(638)
Other income	-	333
	<hr/>	<hr/>
	1,518	8,761
	<hr/>	<hr/>

### 4 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

	2022 £000	2021 £000
Release of provision on stock and work in progress	-	(138)
Expense recognised in profit and loss account related to defined benefit pension liability (note 22)	2,792	-
	<hr/>	<hr/>

*Auditor's remuneration:*

	2022 £000	2021 £000
Audit of these financial statements	79	75
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	26	25
Taxation compliance services	22	20
All other services	21	6
	<hr/>	<hr/>

## Notes (continued)

### 5 Staff numbers and costs

The monthly average number of persons employed by the Group (including Executive Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2022	2021
Property staff	16	17
Management and administration	12	11
	<u>28</u>	<u>28</u>

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	2,292	1,898
Social security costs	303	252
Pension costs	155	163
	<u>2,750</u>	<u>2,313</u>

### 6 Directors' remuneration

	2022 £000	2021 £000
Directors' remuneration, including benefits	1,183	972
Company contributions to money purchase pension plans	54	66
	<u>1,237</u>	<u>1,038</u>

The aggregate remuneration of the highest paid Director was £556,000 (2021: £437,000) and Company pension contributions of £32,000 (2021: £31,000) were made to a money purchase scheme on his behalf.

	Number of Directors	
	2022	2021
Retirement benefits accrued to the following number of Directors during the year under:		
Money purchase schemes	2	3
	<u>2</u>	<u>3</u>

### 7 Other interest receivable and similar income

	2022 £000	2021 £000
Other interest	-	4
Movements in fair value of interest rate swaps	6,621	-
	<u>6,621</u>	<u>4</u>
Total interest receivable and similar income	<u>6,621</u>	<u>4</u>

## Notes (continued)

### 8 Interest payable and similar expenses

	2022 £000	2021 £000
Bank loans and overdrafts	2,130	1,516
Amortisation of capitalised loan fees	235	216
Movements in fair value of interest rate swaps	-	(1,642)
	<hr/>	<hr/>
Total interest payable and similar expenses	<b>2,365</b>	<b>90</b>
	<hr/>	<hr/>

### 9 Tax on profit

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

	2022 £000	£000	2021 £000	£000
<i>Current tax</i>				
Current tax on income for the period	3,615		2,016	
Adjustments in respect of prior periods	(77)		6	
	<hr/>		<hr/>	
Total current tax		3,538		2,022
<i>Deferred tax (note 21)</i>				
Origination and reversal of timing differences	3,376		3,870	
Adjustment in respect of prior periods	43		(56)	
	<hr/>		<hr/>	
Total deferred tax		3,419		3,814
		<hr/>		<hr/>
Total tax		<b>6,957</b>		<b>5,836</b>
		<hr/>		<hr/>

	£000	2022 £000	£000	£000	2021 £000	£000
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax	Total tax
Recognised in profit and loss account	3,538	3,419	6,957	2,022	3,814	5,836
Recognised in other comprehensive income	-	259	259	-	(19)	(19)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total tax	<b>3,538</b>	<b>3,678</b>	<b>7,216</b>	<b>2,022</b>	<b>3,795</b>	<b>5,817</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 9 Tax on profit (continued)

#### Reconciliation of effective tax rate

	2022 £000	2021 £000
Profit for the year	22,782	18,893
Total tax expense	6,957	5,836
	<hr/>	<hr/>
Profit excluding taxation	29,739	24,729
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2021: 19%)	5,650	4,699
Net expense not deductible for tax purposes (including revaluation movements)	507	49
Adjustments to tax charge in respect of previous periods	(34)	(50)
Effect of UK tax rate changes	872	1,570
Other movements	(38)	(432)
	<hr/>	<hr/>
Total tax expense included in profit or loss	6,957	5,836
	<hr/>	<hr/>

An increase in the UK corporation tax rate from 19% to 25% (effective from 1 April 2023) was substantively enacted on 24 May 2021. As a consequence, the deferred tax liability at 30 September 2022 has been calculated at 25% (2021: 25%).

### 10 Tangible fixed assets

<i>Group and Company</i>	<b>Equipment and motor vehicles £000</b>
<b>Cost</b>	
At beginning of year	408
Additions	9
Disposals	(160)
	<hr/>
At end of year	257
	<hr/>
<b>Depreciation and impairment</b>	
At beginning of year	367
Depreciation charge for the year	18
Disposals	(160)
	<hr/>
At end of year	225
	<hr/>
<b>Net book value</b>	
At 30 September 2022	32
	<hr/>
At 30 September 2021	41
	<hr/>

## Notes (continued)

### 11 Investment properties

<i>Group</i>	<b>£000</b>
At beginning of year	222,340
Additions	19,092
Disposals	(10,555)
Net movement from fair value measurement	(928)
Lease incentives	1,091
	<hr/>
<b>At end of year</b>	<b>231,040</b>
	<hr/>
<b>Historical cost at 30 September 2022</b>	<b>158,708</b>
	<hr/>
	<hr/>
<i>Company</i>	<b>£000</b>
At beginning of year	181,235
Additions	19,070
Disposals	(10,555)
Net movement from fair value measurement	(1,382)
Lease incentives	506
	<hr/>
<b>At end of year</b>	<b>188,874</b>
	<hr/>
<b>Historical cost at 30 September 2022</b>	<b>125,530</b>
	<hr/>
	<hr/>

Investment properties were valued by the Group's Directors at 30 September 2021. Investment properties were valued at 30 September 2022 by Jones Lang Lasalle (JLL), Chartered Surveyors, in accordance with the current RICS Valuation - Global Standards, incorporating the IVS and RICS Valuation 2017 – Global Standards UK national supplement (the RICS Red Book) by Royal Institution of Chartered Surveyors on the basis of fair value. JLL are professionally qualified, independent external valuers and had appropriate recent experience in the relevant location and category of the properties being valued.

### 12 Joint ventures

The Company has participating interests in the following companies and partnerships:

Company / Partnership	Business	Holding %
Ashchurch 9 Limited	Not trading	50
Trebor Developments LLP	Property development and consultancy	33
New Street LLP	Property investment and development	50
Nuthall Nottingham LLP	Property development	50
Deeside Regeneration Limited	Property development	17
Trebor Porth LLP	Property development	33

The investments in Joint Ventures are held in the Group financial statements under the equity method.

With the exception of Deeside Regeneration Limited, and Trebor Porth LLP these investments are held by the Company at cost. Deeside Regeneration Limited and Trebor Porth LLP are investments held by Trebor Developments LLP at cost in which it has a 50% holding and 99% respectively. No special rights are attached to these investments.

The statutory financial statements of New Street LLP and Deeside Regeneration Limited are prepared to 31 March each period.

The statutory financial statements of Trebor Developments LLP and Trebor Porth LLP are prepared to 30 June each period.

## Notes (continued)

### 12 Joint ventures (continued)

The statutory financial statements of Ashchurch 9 Limited and Nuthall Nottingham LLP are prepared to 30 September each period.

A summary of the Group's share of its joint ventures for the period to and as at 30 September 2022 is shown below:

	2022 £000	2021 £000
<b>Turnover</b>	<b>31,914</b>	<b>11,837</b>
Profit before tax	38,170	13,343
Taxation	-	-
Profit after tax	38,170	13,343
<b>Group share of profit</b>	<b>13,604</b>	<b>5,260</b>
Total assets	118,858	86,507
Liabilities due:		
Within one year	(15,046)	(8,877)
Within two to five years	(13,162)	(15,734)
Net assets	90,650	61,896
<b>Group share of net assets</b>	<b>39,541</b>	<b>29,145</b>

The Group's share of profit after tax of its joint ventures for the year ended 30 September 2022 was £13,604,000 (2021: £5,260,000).

### 13 Investments

Company	Shares in Group undertakings £000	JV interests £000	Total £000
<b>Cost or valuation</b>			
At beginning of year	20	17,251	17,271
At end of year	20	17,251	17,271
<b>Net book value</b>			
At 30 September 2022	20	17,251	17,271
At 30 September 2021	20	17,251	17,271

Notes (continued)

### 13 Investments (continued)

The undertakings in which the Group's and Company's interest at the year-end is more than 20% are as follows.

	Principal activity	Percentage of shares held by Group
<b>Subsidiary undertakings</b>		
Hortellux Limited	Not trading	100%
Cornex Limited *	Not trading	100%
Hortons' Estate Developments Limited *	Property development and investment	100%
Hortons' Estate (Grand Hotel) Limited *	Property investment	100%
Kings Court Kettering Management Company Limited	Property management	100%
Lieuin Limited *	Property development	75%
<b>Joint ventures</b>		
Ashchurch 9 Limited*	Not trading	50%
Trebor Developments LLP*	Property development and consultancy	33%
Trebor Porth LLP	Property development	33%
New Street LLP*	Property investment and development	50%
Nuthall Nottingham LLP*	Property development	50%

\* held directly by Hortons' Estate Limited

All entities with the exception of Nuthall Nottingham LLP are registered at Latham House, 4<sup>th</sup> Floor, 33-34 Paradise Street, Birmingham, B1 2AJ. Nuthall Nottingham LLP is registered at Mill House Mill Court, Great Shelford, Cambridge, Cambridgeshire, CB22 5LD. All entities are registered in England & Wales.

### 14 Stocks

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Property development and work in progress	2,243	3,406	-	-
	<u>2,243</u>	<u>3,406</u>	<u>-</u>	<u>-</u>

### 15 Debtors

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
<b>Debtors: amounts falling due within one year</b>				
Trade debtors	1,017	1,422	916	1,260
Amounts due from joint ventures	5,047	2,924	5,047	2,924
Amounts due from subsidiary undertakings	-	-	28,392	32,131
Prepayments and accrued income	1,679	699	1,495	423
	<u>7,743</u>	<u>5,045</u>	<u>35,850</u>	<u>36,738</u>
<b>Debtors: amounts falling due after more than one year</b>				
Interest rate swaps	5,803	-	5,803	-
	<u>13,546</u>	<u>5,045</u>	<u>41,653</u>	<u>36,738</u>

**Notes (continued)**

**16 Cash and cash equivalents**

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Cash at bank and in hand	7,696	3,452	7,095	2,532
	<u>7,696</u>	<u>3,452</u>	<u>7,095</u>	<u>2,532</u>

There were no restrictions on cash and cash equivalents.

**17 Creditors: amounts falling due within one year**

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Unsecured loan notes	100	200	-	-
Bank loans and overdrafts (note 19)	250	250	250	250
Trade creditors	1,061	1,290	897	893
Amounts due to subsidiary undertakings	-	-	5,064	5,064
Amounts due to joint ventures	5,428	688	5,427	688
Corporation tax payable	351	387	180	95
Other taxation and social security	1,553	501	1,342	395
Other creditors	784	874	195	201
Accruals and deferred income	5,280	5,643	4,706	4,674
	<u>14,807</u>	<u>9,833</u>	<u>18,061</u>	<u>12,260</u>

**18 Creditors: amounts falling due after more than one year**

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Bank loans and overdrafts (note 19)	76,325	72,059	76,325	72,059
Interest rate swaps (note 20)	-	1,081	-	1,081
Other creditors	667	667	-	-
	<u>76,992</u>	<u>73,807</u>	<u>76,325</u>	<u>73,140</u>

## Notes (continued)

### 19 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's and parent company's interest-bearing loans and borrowings.

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
<b>Creditors falling due within less than one year</b>				
Secured bank loans	250	250	250	250
<b>Creditors falling due after more than one year</b>				
Secured bank loans	76,325	72,059	76,325	72,059

All bank borrowings are secured by fixed charges over certain Group properties. During the year interest on the loans was borne between 1.95% and 2.27% over SONIA. All loan facilities entered into agreements which transitioned from LIBOR to SONIA, prior to cessation of LIBOR on 31 December 2021.

The Group agreed new loan facilities and an extension to an existing loan facility, with the transactions completing on 29 November 2021 and 7 December 2021, respectively. The Group facilities are now due for renewal between May 2024 and April 2027.

### 20 Other financial liabilities

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Financial liability from interest rate swaps	-	1,081	-	1,081

In the current year interest rate swaps are financial assets (note 15).

### 21 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Fixed assets	-	-	9,130	7,848	9,130	7,848
Employee benefits	(211)	-	-	-	(211)	-
Unused tax losses	-	(906)	-	-	-	(906)
Other	(193)	(395)	1,499	-	1,306	(395)
<b>Tax (assets)/liabilities</b>	<b>(404)</b>	<b>(1,301)</b>	<b>10,629</b>	<b>7,848</b>	<b>10,225</b>	<b>6,547</b>
<b>Net of tax liabilities/(assets)</b>	<b>404</b>	<b>1,301</b>	<b>(404)</b>	<b>(1,301)</b>	<b>-</b>	<b>-</b>
<b>Net tax (assets)/liabilities</b>	<b>-</b>	<b>-</b>	<b>10,225</b>	<b>6,547</b>	<b>10,225</b>	<b>6,547</b>

## Notes (continued)

### 21 Deferred tax assets and liabilities (continued)

The net reversal of deferred tax assets and liabilities expected to occur in the next reporting period are not material.

Company	Assets		Liabilities		Net	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Fixed assets	-	-	4,975	4,927	4,975	4,927
Employee benefits	(211)	-	-	-	(211)	-
Unused tax losses	-	(906)	-	-	-	(906)
Other	(193)	(376)	1,451	-	1,258	(376)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Tax (assets)/liabilities	(404)	(1,282)	6,426	4,927	6,022	3,645
Net of tax liabilities/(assets)	404	1,282	(404)	(1,282)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net tax (assets)/liabilities	-	-	6,022	3,645	6,022	3,645
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net reversal of deferred tax assets and liabilities expected to occur in the next reporting period are not material.

### 22 Employee benefits

The Group operates a defined benefit pension plan for the benefit of employees. The plan was funded in advance by contributions from members at the rate set in the plan rules and from the employing companies to meet the balance of the costs at rates assessed by the actuary of the plan in regular funding reviews. The plan's assets are held in funds separated from the Company.

The Company has made contributions to the pension scheme in line with the funding rate recommended by the actuary.

The Board took the decision to close the Final Salary Pension Scheme to future accrual from 31 December 2010.

The scheme's valuation has been updated by the actuary as at 30 September 2022.

On 13 October 2021, the Trustees of the plan entered into a Bulk Purchase Annuity Agreement for the plan's liabilities in order to reduce the risk to the plan's members and the Group.

The current expectation is that the Bulk Purchase Annuity Agreement will be converted from a buy-in contract to a buy-out, at which point the wind up of the plan will follow shortly afterwards. This will require the full transfer of administration to Legal and General Assurance Society Limited and the issuance of individual policies to plan members, at which point the relevant liabilities will be fully removed from the plan.

The information disclosed below is in respect of the whole of the plan of the Group, for which the parent company is legally responsible.

#### Net pension liability

	2022 £000	2021 £000
Present value of scheme liabilities	(4,903)	(7,709)
Fair value of plan assets	5,020	8,958
	<hr/>	<hr/>
Net pension surplus	117	1,249
Unrecognised surplus	(117)	(1,249)
	<hr/>	<hr/>
Net pension surplus/(liability) recognised	-	-
	<hr/>	<hr/>

## Notes (continued)

### 22 Employee benefits (continued)

#### *Movements in present value of defined benefit obligation*

	2022 £000	2021 £000
At 1 October	7,709	8,762
Interest expense	152	143
Remeasurement: actuarial gains	(2,706)	(435)
Benefits paid and expenses	(252)	(761)
	<hr/>	<hr/>
At 30 September	4,903	7,709
	<hr/>	<hr/>

#### *Movements in fair value of plan assets*

	2022 £000	2021 £000
At 1 October	8,958	8,710
Interest income	152	143
Remeasurement: return on plan assets less interest income	(2,500)	716
Contributions by employer	1,429	150
Benefits paid and expenses	(252)	(761)
Settlement from plan assets	(2,767)	-
	<hr/>	<hr/>
At 30 September	5,020	8,958
	<hr/>	<hr/>

#### *Expense recognised in the profit and loss account*

	2022 £000	2021 £000
Impact of settlements	2,767	-
Net interest on net defined benefit liability	25	-
	<hr/>	<hr/>
Total expense recognised in profit or loss	2,792	-
	<hr/>	<hr/>

#### *Expense recognised in other comprehensive income*

	2022 £000	2021 £000
Return on plan assets (loss)/gain	(2,500)	716
Experience (losses) / gains	(522)	95
Effects of changes in demographic and financial assumptions	3,228	340
Effects of changes in non recoverable surplus	1,157	(1,249)
	<hr/>	<hr/>
Total amount recognised in other comprehensive income	1,363	(98)
	<hr/>	<hr/>

## Notes (continued)

### 22 Employee benefits (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2022 Fair value £000	2021 Fair value £000
Bonds (Government and Corporate)	23	7,537
Property	-	722
Cash and cash equivalents	119	699
Insurance policies	4,878	-
	<u>5,020</u>	<u>8,958</u>
Actual return on plan assets	<u>(2,348)</u>	<u>859</u>

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2022 %	2021 %
Discount rate	5.10	2.00
Allowance for revaluation of deferred pensions	3.50	3.30
Allowance for pension in payment increases	3.30	3.10
Inflation	3.50	3.30

The last full actuarial valuation was performed on 2 January 2019.

In valuing the liabilities of the pension fund at 30 September 2022, mortality assumptions have been made as indicated below.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.8 years (male), 23.6 years (female).
- Future retiree upon reaching 65: 23.1 years (male), 25.1 years (female).

#### Defined contribution plans

##### Group

The Group also makes contributions for qualifying individuals into independent pension arrangements. Contributions paid are charged to the profit and loss account in the period to which they relate. The amount recognised as an expense was £155,000 (2021: £163,000).

## Notes (continued)

### 23 Capital and reserves

#### Share capital

	Ordinary shares	
	2022 £000	2021 £000
<i>Allotted, called up and fully paid</i>		
1,668,076 ordinary shares of £1 each	1,668	1,668
	<u>1,668</u>	<u>1,668</u>
Shares classified in shareholders' equity	1,668	1,668
	<u>1,668</u>	<u>1,668</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

*Joint venture reserve* – Joint venture reserve represents unrealised gains and losses from joint ventures.

*Rebuilding reserve* - The rebuilding reserve represents profits of the business set aside for major rebuilding projects and forms part of retained earnings. Following the completion of a recent project the balance of £nil (2021: £12,953,000) was transferred from the rebuilding reserve to the profit and loss account.

#### Dividends

A final dividend in respect of 2021, of 212p per share, was paid on 27 January 2022. An interim dividend for 2022 of 91p per share, was paid on 28 July 2022.

### 24 Financial instruments

#### (a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2022 £000	2021 £000
(Gains)/losses on assets and liabilities measured at fair value through profit or loss	(5,803)	1,081
Bank loan commitments measured at cost less impairment	76,575	72,309
Unsecured loan notes measured at cost less impairment	100	200
	<u>70,872</u>	<u>73,590</u>

#### (b) Financial instruments measured at fair value

##### Investments in debt and equity securities

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

### 25 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Less than one year	41	32	41	32
Between one and five years	36	25	36	25
	<u>77</u>	<u>57</u>	<u>77</u>	<u>57</u>

During the year £84,000 (2021: £90,000) was recognised as an expense in the profit and loss account in respect of operating leases.

## Notes (continued)

### 26 Capital commitments and guarantees

The Group's contractual commitments to purchase fixed assets at the year end were £1,720,000 (2021: £1,513,000).

During the year, Hortons' Estate Developments Limited provided its parent company, Hortons' Estate Limited, with a guarantee. The guarantee is for up to the value of the bank secured property provided by Hortons' Estate Developments Limited.

During the year, Hortons' Estate Limited provided Lieuin Limited with a guarantee. The guarantee covers the cost of construction in respect of one of its developments.

### 27 Related parties

During the year, net loans of £825,000 were repaid (2021: £4,301,000 were repaid) by Lieuin Limited, a subsidiary of Hortons' Estate Limited. During the year £nil (2021: £151,000) of interest was charged on a loan from Hortons' Estate Limited to Lieuin Limited. Hortons' Estate Limited provided services to Lieuin Limited for a charge of £455,000 during the year (2021: £21,000). The balance owing from Lieuin Limited as at 30 September 2022 was £302,000 (2021: £1,151,000).

During the year, the Group had transactions and balances with joint ventures as follows:

The balance owing, including undrawn profit, from Trebor Developments LLP, as at 30 September 2022, was £634,000 (2021: £465,000).

Hortons' Estate Limited provided management and other services to Trebor Developments LLP for a charge of £36,000 during the year (2021: £28,000).

The balance owing, including undrawn profit, from New Street LLP, as at 30 September 2022 was £9,042,000 (2021: £6,212,000).

Hortons' Estate Limited provided management and property services to New Street LLP for a charge of £458,000 during the year (2021: £341,000).

The balance owing from Nuthall Nottingham LLP, as at 30 September 2022 was £240,000 (2021: £240,000).

The Company has taken advantage of the exemption contained in FRS 102 section 22.1A from disclosing transactions with entities which wholly owned by the Group.

### 28 Ultimate parent company and parent company of larger group

There is no ultimate controlling party due to the constitution of the shareholdings.

The registered address of the Group is Latham House, 4<sup>th</sup> Floor, 33-34 Paradise Street, Birmingham, B1 2AJ.