Registered number: 00490726

HORTONS' ESTATE LIMITED

Annual Report and Consolidated Financial Statements

30 September 2023

Contents

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 UK economy having suffered high inflation and sharp interest rate rises made for a challenging period for commercial property and for 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 key 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.

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:

	2023	2022
	£000	£000
Revaluation deficit	**(14,495)**	(928)
Recurring rental income including joint ventures	**21,040**	17,948
Development income including joint ventures	**1,927**	11,741
Vacancy rate	**8%**	9%

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.

Despite a backdrop of macroeconomic challenges and an inflationary environment the Group has delivered a resilient operational and trading performance, albeit with a downward property revaluation in the year to 30 September 2023.

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 15 December 2023 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 2023.

Principal activities and business review

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

There is a loss before tax for the year predominantly due to the downward revaluation of investment properties, as well as an increase in interest payable and similar expenses.

The value of the investment property portfolio decreased by £1,290,000 *(2022: £8,700,000 increase)* during the year. The decrease in value is primarily due to revaluation losses being in excess of the net additions. The outcome of the year end revaluation exercise is a decrease in value which is mainly due to decline in investor sentiment towards commercial property following the recent economic uncertainty and interest rate rises. However, this decline has been offset, in part, by the completion of successful asset management initiatives during the year which have retained and added value.

Recurring rental income has grown following several acquisitions, as well as organic rental growth within the portfolio. This was offset in part by lost income from properties that were sold in both the current and prior year.

Development activities continue as the Group continues to promote and bring forward existing sites for development as well as identify new opportunities.

Overall results for the year have been boosted by strong performances by the Group's joint ventures, albeit not at the same level as the prior year.

Borrowings net of cash have increased primarily as result of additions to investment properties and investment in joint ventures during the year. Following the successful refinancing of one the Group's facilities in December 2023 there are now no facilities that require renewal prior to April 2027 and the weighted average term remaining on total available facilities is over 4 years. Furthermore, following an extension to its available facilities during the year the Group has headroom within its facilities to meet all its future funding requirements and to remain within the Directors' target range.

Results and Dividends

The Directors report a loss after tax of £3,371,000 *(2022: profit after tax of £22,782,000)* with a loss after tax attributable to the owners of the parent company being £979,000 (*2022: profit after tax £9,695,000*).

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 2022, of 224p per share, was paid on 27 January 2023. An interim dividend for 2023 of 91p per share, was paid on 27 July 2023.

Market value of investment properties

In the current year and prior 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 2023 the fair value movement of the investment property portfolio was a decrease of £14,495,000 *(2022: £928,000 decrease).*

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	
S Wyse	Appointed 1 April 2023

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:

	2023 £	2022 £
For political purposes	-	-
For charitable purposes (UK only)	**62,000**	23,000

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 15 December 2023 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.

KPMG

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 2023 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 2023 and of the Group's loss 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, and seldom used accounts.
- 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.

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.

NDavies

Nicola Davies
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

15 December 2023

Consolidated profit and loss account and other comprehensive income
for the year ended 30 September 2023

	Note	2023 £000	2022 £000
Turnover			
Group and share of joint ventures		**22,967**	29,689
Less share of joint ventures		**(5,421)**	(8,510)
	2	**17,546**	21,179
Cost of sales		**(1,965)**	(4,546)
Gross profit		**15,581**	16,633
Administrative expenses		**(3,095)**	(6,272)
Other operating (expense)/income	3	**(14,090)**	1,518
Group operating (loss)/profit		**(1,604)**	11,879
Group's share of profit in joint ventures	12	**5,731**	13,604
Operating profit including share of joint ventures		**4,127**	25,483
Interest receivable and similar income	7	**19**	6,621
Interest payable and similar expenses	8	**(6,063)**	(2,365)
(Loss)/Profit before taxation		**(1,917)**	29,739
Tax charge for the year	9	**(1,454)**	(6,957)
(Loss)/Profit after taxation		**(3,371)**	22,782
(Loss)/Profit after tax attributable to:			
Non controlling interest		**8**	13
Owners of parent company		**(3,379)**	22,769
		(3,371)	22,782
Other comprehensive income/(expense)			
Remeasurement of the net defined benefit liability	21	**-**	1,363
Tax on other comprehensive income/(expense)	9	**-**	(259)
Other comprehensive income/(expense) for the year, net of tax		**-**	1,104
Total comprehensive income/(expense) for the year		**(3,371)**	23,886
Total comprehensive income/(expense) attributable to:			
Non controlling interest		**8**	13
Owners of parent company		**(3,379)**	23,873
		(3,371)	23,886

Consolidated balance sheet
at 30 September 2023

	Note	2023 £000	£000	2022 £000	£000
Fixed assets					
Tangible assets	*10*		**49**		32
Investment properties	*11*		**229,750**		231,040
Investments in joint ventures	*12*		**35,693**		39,541
			265,492		270,613
Current assets					
Stocks	*14*	**2,097**		2,243	
Debtors (including £2,780,000 due after more than one year *(2022: £5,803,000)*)	*15*	**18,673**		13,546	
Cash and cash equivalents	*16*	**2,333**		7,696	
		23,103		23,485	
Creditors: amounts falling due within one year	*17*	**(57,662)**		(14,807)	
Net current (liabilities)/assets			**(34,559)**		8,678
Total assets less current liabilities			**230,933**		279,291
Creditors: amounts falling due after more than one year	*18*	**(38,530)**		(76,992)	
Provisions for liabilities					
Deferred tax liability	*20*	**(8,979)**		(10,225)	
			(47,509)		(87,217)
Net assets			**183,424**		192,074
Capital and reserves					
Called up share capital	*22*		**1,668**		1,668
Share premium account			**942**		942
Revaluation reserve			**54,250**		68,944
Joint venture reserve			**14,979**		13,133
Capital redemption reserve			**232**		232
Profit and loss account			**111,325**		107,110
Equity attributable to owners of the parent company			**183,396**		192,029
Non controlling interest			**28**		45
Shareholders' equity			**183,424**		192,074

These financial statements were approved by the Board of Directors on 15 December 2023 and were signed on its behalf by:

S R C Benson
Director

Company registered number: 00490726

Company balance sheet
at 30 September 2023

	Note	2023 £000	£000	2022 £000	£000
Fixed assets					
Tangible assets	*10*		**49**		32
Investment properties	*11*		**187,300**		188,874
Investments	*13*		**17,270**		17,271
			204,619		206,177
Current assets					
Debtors (including £2,780,000 due after more than one year *(2022: £5,803,000* due after more than one year*)*)	*15*	**45,181**		41,653	
Cash and cash equivalents	*16*	**1,948**		7,095	
		47,129		48,748	
Creditors: amounts falling due within one year	*17*	**(61,153)**		(18,061)	
Net current (liabilities)/assets			**(14,024)**		30,687
Total assets less current liabilities			**190,595**		236,864
Creditors: amounts falling due after more than one year	*18*	**(37,863)**		(76,325)	
Provisions for liabilities					
Deferred tax liability	*20*	**(4,448)**		(6,022)	
			(42,311)		(82,347)
Net assets			**148,284**		154,517
Capital and reserves					
Called up share capital	*22*		**1,668**		1,668
Share premium account			**942**		942
Revaluation reserve			**47,301**		61,560
Capital redemption reserve			**232**		232
Profit and loss account			**98,141**		90,115
Shareholders' equity			**148,284**		154,517

These financial statements were approved by the Board of Directors on 15 December 2023 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	Profit and loss account £000	Owners of parent company total equity £000	Non controlling interest £000	Total equity £000
Balance at 1 October 2021	1,668	942	71,894	8,400	232	90,074	173,210	32	173,242
Total comprehensive income/ (expense) for the period									
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 expense	-	-	-	-	-	(259)	(259)	-	(259)
Total comprehensive income/(expense) for the period	-	-	(928)	4,733	-	20,068	23,873	13	23,886
Transactions with owners, recorded directly in equity									
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
Balance at 1 October 2022	1,668	942	68,944	13,133	232	107,110	192,029	45	192,074
Total comprehensive income/(expense) for the period									
Profit or loss	-	-	(14,495)	1,846	-	9,270	(3,379)	8	(3,371)
Total comprehensive income/(expense) for the period	-	-	(14,495)	1,846	-	9,270	(3,379)	8	(3,371)
Transactions with owners, recorded directly in equity									
Dividends	-	-	-	-	-	(5,254)	(5,254)	(25)	(5,279)
Transfers	-	-	(199)	-	-	199	-	-	-
Balance at 30 September 2023	**1,668**	**942**	**54,250**	**14,979**	**232**	**111,325**	**183,396**	**28**	**183,424**

Company statement of changes in equity

	Called up share capital £000	Share premium account £000	Revaluation reserve £000	Capital redemption reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2021	1,668	942	64,964	232	80,966	148,772
Total comprehensive income/(expense) for the period						
Profit or loss	-	-	(1,382)	-	11,077	9,695
Other comprehensive income/(expense)						
Remeasurement of the net defined benefit liability	-	-	-	-	1,363	1,363
Tax on other comprehensive expense	-	-	-	-	(259)	(259)
Total comprehensive income/(expense) for the period	-	-	(1,382)	-	12,181	10,799
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	-	(5,054)	(5,054)
Transfers	-	-	(2,022)	-	2,022	-
Balance at 30 September 2022	**1,668**	**942**	**61,560**	**232**	**90,115**	**154,517**
Balance at 1 October 2022	1,668	942	61,560	232	90,115	154,517
Total comprehensive income/(expense) for the period						
Profit or loss	-	-	(14,060)	-	13,081	(979)
Total comprehensive income/(expense) for the period	-	-	(14,060)	-	13,081	(979)
Transactions with owners, recorded directly in equity						
Dividends	-	-	-	-	(5,254)	(5,254)
Transfers	-	-	(199)	-	199	-
Balance at 30 September 2023	**1,668**	**942**	**47,301**	**232**	**98,141**	**148,284**

Consolidated cash flow statement
for year ended 30 September 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
(Loss)/Profit for the year		**(3,371)**	22,782
Adjustments for:			
Depreciation, amortisation and impairment	*10*	**17**	18
Change in value of investment properties	*11*	**14,495**	928
Income from Group's share of profit in joint ventures	*12*	**(5,731)**	(13,604)
Interest receivable and similar income	*7*	**(19)**	(6,621)
Interest payable and similar charges	*8*	**6,063**	2,365
Gain on sale of investment properties and motor vehicles	*3*	**(405)**	(2,446)
Taxation	*9*	**1,454**	6,957
Other non cash movements including joint ventures		**8,332**	4,907
Defined benefit pension contributions	*21*	**-**	(1,429)
Increase in trade and other debtors		**(3,426)**	(2,698)
Decrease in stocks		**146**	1,163
Increase in trade and other creditors		**(3,379)**	5,170
Dividends paid		**(5,254)**	(5,054)
Interest paid		**(3,461)**	(2,495)
Tax paid		**(2,753)**	(3,574)
Net cash from operating activities		**2,708**	6,369
Cash flows from investing activities			
Proceeds from sale of investment properties		**9,882**	13,001
Proceeds from sale of motor vehicles		**4**	-
Interest received		**19**	-
Acquisition of tangible fixed assets		**(34)**	(9)
Acquisition of and additions to investment properties		**(20,714)**	(19,047)
Dividends received from joint ventures		**5**	-
Dividends paid to minority interests		**(25)**	-
Disposal of joint venture interests		**1**	-
Loans to joint ventures		**(4,000)**	-
Net cash from investing activities		**(14,862)**	(6,055)
Cash flows from financing activities			
Net repayment of borrowings		**(3,100)**	(24,538)
New borrowings drawn		**10,000**	28,875
Loan costs		**(109)**	(407)
Net cash from financing activities		**6,791**	3,930
Net (decrease)/increase in cash and cash equivalents		**(5,363)**	4,244
Cash and cash equivalents at 1 October		**7,696**	3,452
Cash and cash equivalents at 30 September		**2,333**	7,696

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, 4th 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 loss for the Company was £979,000 *(2022: £9,695,000 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 £98,375,000. Following the refinancing of one of the Group's facilities in December 2023, there are now no facilities that require renewal prior to April 2027 (Note 19 and 28).

The Directors have prepared forecasts for a period of at least 12 months from the date of approval of these financial statements. These forecasts include a base case forecast and a severe but plausible downside scenario, which includes a reduction in property valuations and rental income over the forecasted period. 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 2023. 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 is it 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

	2023 £000	2022 £000
Rental income	**17,116**	14,830
Development income	**430**	6,349
Total turnover	**17,546**	21,179

The Group's share of the turnover of its joint ventures amounted to £5,421,000 *(2022: £8,510,000)*, which has not been included in the above analysis of Group turnover. The Group's share of its joint ventures' rental income is £3,924,000 *(2022: £3,118,000)* and its share of joint ventures' development income is £1,497,000 *(2022: £5,392,000)*.

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

3 Other operating (expense)/income

	2023 £000	2022 £000
Fair value adjustments for investment properties	**(14,495)**	(928)
Profit on disposal of investment properties	**401**	2,446
Profit on disposal of motor vehicles	**4**	-
	(14,090)	1,518

4 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2023 £000	2022 £000
Expense recognised in profit and loss account related to defined benefit pension liability (note 21)	**-**	2,792

Auditor's remuneration:

	2023 £000	2022 £000
Audit of these financial statements	**104**	79
Amounts receivable by the Company's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the Company	**34**	26
Taxation compliance services	**24**	22
All other services	**11**	21

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	
	2023	2022
Property staff	**16**	16
Management and administration	**11**	12
	27	28

The aggregate payroll costs of these persons were as follows:

	2023	2022
	£000	£000
Wages and salaries	**2,195**	2,292
Social security costs	**289**	303
Pension costs	**171**	155
	2,655	2,750

6 Directors' remuneration

	2023	2022
	£000	£000
Directors' remuneration, including benefits	**1,115**	1,183
Company contributions to money purchase pension plans	**56**	54

The aggregate remuneration of the highest paid Director was £457,000 *(2022: £556,000)* and Company pension contributions of £32,000 *(2022: £32,000)* were made to a money purchase scheme on his behalf.

	Number of Directors	
	2023	2022
Retirement benefits accrued to the following number of Directors during the year under:		
Money purchase schemes	**2**	2

7 Interest receivable and similar income

	2023	2022
	£000	£000
Interest received	**19**	-
Movements in fair value of interest rate swaps	**-**	6,621
Total interest receivable and similar income	**19**	6,621

Notes *(continued)*

8 Interest payable and similar expenses

	2023 £000	2022 £000
Bank loans and overdrafts	**5,183**	2,130
Amortisation of capitalised loan fees	**270**	235
Movements in fair value of interest rate swaps	**610**	-
Total interest payable and similar expenses	**6,063**	2,365

9 Tax on profit

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

	2023 £000	£000	2022 £000	£000
Current tax				
Current tax on income for the period	**2,733**		3,615	
Adjustments in respect of prior periods	**(33)**		(77)	
Total current tax		**2,700**		3,538
Deferred tax (note 20)				
Origination and reversal of timing differences	**(1,262)**		3,376	
Adjustment in respect of prior periods	**16**		43	
Total deferred tax		**(1,246)**		3,419
Total tax		**1,454**		6,957

	2023 £000 Current tax	2023 £000 Deferred tax	2023 £000 Total tax	2022 £000 Current tax	2022 £000 Deferred tax	2022 £000 Total tax
Recognised in profit and loss account	**2,700**	**(1,246)**	**1,454**	3,538	3,419	6,957
Recognised in other comprehensive income	-	-	-	-	259	259
Total tax	**2,700**	**(1,246)**	**1,454**	3,538	3,678	7,216

Notes *(continued)*

9 Tax on profit *(continued)*

Reconciliation of effective tax rate

	2023	2022
	£000	£000
(Loss)/Profit for the year	**(3,371)**	22,782
Total tax expense	**1,454**	6,957
(Loss)/Profit excluding taxation	**(1,917)**	29,739
Tax using the effective corporation tax rate of 22% *(2022: 19%)*	**(422)**	5,650
Net expense not deductible for tax purposes (including revaluation movements)	**2,047**	507
Adjustments to tax charge in respect of previous periods	**(17)**	(34)
Effect of UK tax rate changes	**(151)**	872
Other movements	**(3)**	(38)
Total tax expense included in profit or loss	**1,454**	6,957

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 2023 has been calculated at 25% *(2022: 25%)*.

10 Tangible fixed assets

Group and Company	**Equipment and motor vehicles £000**
Cost	
At beginning of year	257
Additions	34
Disposals	(22)
At end of year	269
Depreciation and impairment	
At beginning of year	225
Depreciation charge for the year	17
Disposals	(22)
At end of year	220
Net book value	
At 30 September 2023	**49**
At 30 September 2022	32

Notes *(continued)*

11 Investment properties

Group	**£000**
At beginning of year	231,040
Additions	21,445
Disposals	(9,481)
Net movement from fair value measurement	(14,495)
Lease incentives	1,241
At end of year	**229,750**
Historical cost at 30 September 2023	**170,593**

Company	**£000**
At beginning of year	188,874
Additions	21,443
Disposals	(9,481)
Net movement from fair value measurement	(14,060)
Lease incentives	524
At end of year	**187,300**
Historical cost at 30 September 2023	**137,411**

Investment properties were valued at 30 September 2022 and 30 September 2023 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

During the year, 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.

Ashchurch 9 Limited was struck off the Companies House register on 11 July 2023 with dissolution on 18 July 2023.

Hortons' Estate Limited retired from Trebor Developments LLP on 28 February 2023. Consequently, it relinquished it's participating interest in Deeside Regeneration Limited and Trebor Porth LLP on the same date.

The statutory financial statements of New Street LLP are prepared to 31 March 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 2023 is shown below:

	2023 £000	2022 £000
Turnover	**14,975**	31,914
Profit before tax	**13,433**	38,170
Taxation	-	-
Profit after tax	**13,433**	38,170
Group share of profit	**5,731**	13,604
Total assets	**120,551**	118,858
Liabilities due:		
Within one year	**(48,722)**	(15,046)
Within two to five years	-	(13,162)
Net assets	**71,829**	90,650
Group share of net assets	**35,693**	39,541

The Group's share of profit after tax of its joint ventures for the year ended 30 September 2023 was £5,731,000 *(2022: £13,604,000)*.

New Street LLP investment properties were valued by the Group's Directors, one of which is a member of RICS, at 30 September 2023.

13 Investments

Company	**Shares in Group undertakings £000**	**JV interests £000**	**Total £000**
Cost or valuation			
At beginning of year	20	17,251	17,271
Disposals	-	(1)	(1)
At end of year	20	17,250	17,270
Net book value			
At 30 September 2023	**20**	**17,250**	**17,270**
At 30 September 2022	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
Subsidiary undertakings		
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%**
Joint ventures		
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, 4th 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	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Property development and work in progress	**2,097**	2,243	**-**	-
	2,097	2,243	**-**	-

15 Debtors

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Debtors: amounts falling due within one year				
Trade debtors	**1,939**	1,017	**1,654**	916
Amounts due from joint ventures	**11,630**	5,047	**11,630**	5,047
Amounts due from subsidiary undertakings	**-**	-	**26,800**	28,392
Prepayments and accrued income	**1,600**	1,679	**1,593**	1,495
Interest rate swap	**724**	-	**724**	-
	15,893	7,743	**42,401**	35,850
Debtors: amounts falling due after more than one year				
Interest rate swap	**2,780**	5,803	**2,780**	5,803
	18,673	13,546	**45,181**	41,653

Notes *(continued)*

16 Cash and cash equivalents

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Cash at bank and in hand	**2,333**	7,696	**1,948**	7,095
	2,333	7,696	**1,948**	7,095

There were no restrictions on cash and cash equivalents.

17 Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Unsecured loan notes	**-**	100	**-**	-
Bank loans and overdrafts (note 19)	**45,873**	250	**45,873**	250
Trade creditors	**2,350**	1,061	**2,180**	897
Amounts due to subsidiary undertakings	**-**	-	**5,064**	5,064
Amounts due to joint ventures	**-**	5,428	**-**	5,427
Corporation tax payable	**298**	351	**176**	180
Other taxation and social security	**1,896**	1,553	**1,786**	1,342
Other creditors	**1,015**	784	**359**	195
Accruals and deferred income	**6,230**	5,280	**5,715**	4,706
	57,662	14,807	**61,153**	18,061

18 Creditors: amounts falling due after more than one year

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Bank loans and overdrafts (note 19)	**37,863**	76,325	**37,863**	76,325
Other creditors	**667**	667	**-**	-
	38,530	76,992	**37,863**	76,325

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	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Creditors falling due within less than one year				
Secured bank loans	**45,873**	250	**45,873**	250
Creditors falling due after more than one year				
Secured bank loans	**37,863**	76,325	**37,863**	76,325

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.

In December 2023 the Group refinanced an existing loan facility that was due to expire in May 2024. There are now no facilities that require renewal prior to April 2027.

20 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2023	2022	**2023**	2022	**2023**	2022
	£000	£000	**£000**	£000	**£000**	£000
Fixed assets	**-**	-	**8,403**	9,130	**8,403**	9,130
Employee benefits	**(105)**	(211)	**-**	-	**(105)**	(211)
Other	**(199)**	(193)	**880**	1,499	**681**	1,306
Tax (assets)/liabilities	**(304)**	(404)	**9,283**	10,629	**8,979**	10,225
Net of tax liabilities/(assets)	**304**	404	**(304)**	(404)	**-**	-
Net tax (assets)/liabilities	**-**	-	**8,979**	10,225	**8,979**	10,225

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

Company	Assets		Liabilities		Net	
	2023	2022	**2023**	2022	**2023**	2022
	£000	£000	**£000**	£000	**£000**	£000
Fixed assets	**-**	-	**3,876**	4,975	**3,876**	4,975
Employee benefits	**(105)**	(211)	**-**	-	**(105)**	(211)
Other	**(199)**	(193)	**876**	1,451	**677**	1,258
Tax (assets)/liabilities	**(304)**	(404)	**4,752**	6,426	**4,448**	6,022
Net of tax liabilities/(assets)	**304**	404	**(304)**	(404)	**-**	-
Net tax (assets)/liabilities	**-**	-	**4,448**	6,022	**4,448**	6,022

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

Notes *(continued)*

21 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 2023.

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

	2023	2022
	£000	£000
Present value of scheme liabilities	**(4,653)**	(4,903)
Fair value of plan assets	**4,746**	5,020
Net pension surplus	**93**	117
Unrecognised surplus	**(93)**	(117)
Net pension surplus/(liability) recognised	**-**	-

Notes *(continued)*

21 Employee benefits (continued)

Movements in present value of defined benefit obligation

	2023 £000	2022 £000
At 1 October	**4,903**	7,709
Interest expense	**246**	152
Remeasurement: actuarial gains	**(332)**	(2,706)
Benefits paid and expenses	**(164)**	(252)
At 30 September	**4,653**	4,903

Movements in fair value of plan assets

	2023 £000	2022 £000
At 1 October	**5,020**	8,958
Interest income	**252**	152
Remeasurement: return on plan assets less interest income	**(362)**	(2,500)
Contributions by employer	**-**	1,429
Benefits paid and expenses	**(164)**	(252)
Settlement from plan assets	**-**	(2,767)
At 30 September	**4,746**	5,020

Expense recognised in the profit and loss account

	2023 £000	2022 £000
Impact of settlements	**-**	2,767
Net interest on net defined benefit liability	**-**	25
Total expense recognised in profit or loss	**-**	2,792

Expense recognised in other comprehensive income

	2023 £000	2022 £000
Return on plan assets loss	**(362)**	(2,500)
Experience losses	**(195)**	(522)
Effects of changes in demographic and financial assumptions	**527**	3,228
Effects of changes in non recoverable surplus	**30**	1,157
Total amount recognised in other comprehensive income	**-**	1,363

Notes *(continued)*

21 Employee benefits *(continued)*

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

	2023 Fair value £000	2022 Fair value £000
Bonds (Government and Corporate)	-	23
Cash and cash equivalents	151	119
Insurance policies	4,595	4,878
	4,746	5,020
Actual return on plan assets	(110)	(2,348)

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

	2023 %	2022 %
Discount rate	5.6	5.10
Allowance for revaluation of deferred pensions	3.2	3.50
Allowance for pension in payment increases	3.0	3.30
Inflation	3.2	3.50

The last full actuarial valuation was performed on 2 January 2019. In the normal course of events an actuarial valuation would have been carried out as at 2 January 2022. However, as the Trustees have been working towards buy-out (individual policies allocated between Legal and General Assurance Society Limited and each member of the Plan) and subsequent wind-up of the Plan once all member benefits have been fully discharged, the Trustees do not believe that it would be a proportionate use of Plan assets to complete an actuarial valuation in the circumstances, but that position is being kept under review. This has been communicated to the Pensions Regulator.

In valuing the liabilities of the pension fund at 30 September 2023, 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: 21.1 years (male), 23.0 years (female).
- Future retiree upon reaching 65: 22.4 years (male), 24.5 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 £171,000 *(2022: £155,000)*.

Notes *(continued)*

22 Capital and reserves

Share capital

	Ordinary shares	
	2023	2022
	£000	£000
Allotted, called up and fully paid		
1,668,076 ordinary shares of £1 each	**1,668**	1,668
Shares classified in shareholders' equity	**1,668**	1,668

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.

Dividends

A final dividend in respect of 2022, of 224p per share, was paid on 27 January 2023. An interim dividend for 2023 of 91p per share, was paid on 27 July 2023.

23 Financial instruments

(a) Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2023	2022
	£000	£000
Gains on assets and liabilities measured at fair value through profit or loss	**(3,504)**	(5,803)
Bank loan commitments measured at cost less impairment	**83,736**	76,575
Unsecured loan notes measured at cost less impairment	**-**	100

(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.

24 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2023	2022	**2023**	2022
	£000	£000	**£000**	£000
Less than one year	**138**	41	**138**	41
Between one and five years	**41**	36	**41**	36
	179	77	**179**	77

During the year £87,000 *(2022: £84,000)* was recognised as an expense in the profit and loss account in respect of operating leases.

Notes *(continued)*

25 Capital commitments and guarantees

The Group's contractual commitments to purchase fixed assets at the year end were £2,146,000 *(2022: £1,720,000)*.

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

During December Hortons' Estate (Grand Hotel) Limited provided its parent Company Hortons' Estate Limited, with a guarantee. The guarantee is up to the value of the bank secured property provided by Hortons' Estate (Grand Hotel) Limited.

26 Related parties

During the year, net loans of £300,000 were repaid *(2022: £825,000 were repaid)* by Lieuin Limited, a subsidiary of Hortons' Estate Limited. Hortons' Estate Limited provided services to Lieuin Limited for a charge of £4,000 during the year *(2022: £455,000)*. The balance owing from Lieuin Limited as at 30 September 2023 was £nil *(2022: £302,000)*. Dividends of £75,000 were paid to Hortons' Estate Limited and £25,000 to Morton Property Limited during the year.

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

Ashchurch 9 Limited paid dividends of £5,000 to Hortons' Estate Limited

The balance owing from Trebor Developments LLP, as at 30 September 2023, was £1,000 *(2022: £634,000)*. Hortons' Estate Limited provided management and other services to Trebor Developments LLP for a charge of £14,000 during the year *(2022: £36,000)*.

The balance owing, including undrawn profit, from New Street LLP, as at 30 September 2023 was £16,087,000 *(2022: £9,042,000)*. Hortons' Estate Limited provided management and property services to New Street LLP for a charge of £472,000 during the year *(2022: £458,000)*.

The balance owing from Nuthall Nottingham LLP, as at 30 September 2023 was £240,000 *(2022: £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.

The Directors are the only individuals who have authority and responsibility for planning, directing and controlling the activities of the Group and are considered to be key management personnel. Total remuneration in respect of these individuals is disclosed in note 6.

27 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, 4th Floor, 33-34 Paradise Street, Birmingham, B1 2AJ.

28 Events after the reporting period

Prior to 30 September 2023 Hortons' Estate Limited agreed terms to refinance an existing revolving loan facility of £60,000,000, with the transaction completing on 15 December 2023.

On 28 November 2023 New Street LLP, a joint venture of Hortons' Estate Limited, completed a new £25,000,000 term loan and a new £15,000,000 revolving loan facility.

After the balance sheet date, Hortons' Estates Limited entered into a new joint venture, Steindale Properties Limited. Steindale Properties Limited was incorporated on 6 November 2023 and its main business activity is property development.