

HORTON DEVELOPMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2021

Riordan O'Sullivan & Co
Chartered Certified Accountants and Statutory Auditors
40 Chamberlayne Road
London
NW10 3JE

HORTON DEVELOPMENTS LIMITED

COMPANY INFORMATION

Directors	M L Masterson C M Mitchell
Company secretary	B J Courtney
Registered number	02916697
Registered office	Mitchellson House Horton Trading Estate Stanwell Road Horton Slough SL3 9PF
Independent auditors	Riordan O'Sullivan & Co Chartered Certified Accountants and Statutory Auditors 40 Chamberlayne Road London NW10 3JE
Bankers	Allied Irish Bank (GB) Ealing Cross 85 Uxbridge Road Ealing London W5 5TH

HORTON DEVELOPMENTS LIMITED

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HORTON DEVELOPMENTS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MAY 2021

The directors present the Group strategic report for the year ended 31 May 2021.

Principal activities

The principal activity of Horton Developments Limited (the parent Company) continued to be that of commercial property lettings. The principal activity of Mitchellson Plant Hire Limited (the wholly-owned subsidiary Company) continued to be that of hire of plant and equipment to the construction industry.

Headline facts and key performance indicators

The key financial highlights for the last two years since the formation of the group are as follows:

		2021	2020
Turnover	£'000	10,326	10,638
Gross margin	%	24.8	33.8
Profit before tax	£'000	1,690	2,941
Balance sheet strength	£'000	10,399	9,869

Covid-19

Covid-19 was declared a worldwide pandemic on 20 March 2020 and just before the beginning of our financial year and presented unknown and unprecedented challenges and uncertainties. The pandemic has impacted all sectors of the economy and will undoubtedly continue to shape and influence behaviour for the foreseeable future.

The group continues to monitor Covid-19 developments and whilst we cannot predict its future impact at this stage, our hands-on approach, family values and strong and liquid balance sheet enabled us to manage stable business and plan for increased activity for when the pandemic is managed and contained.

Review of the year May 2021

Our key performance indicators above continue to show consistent profitability and balance sheet growth.

Plant hire to construction activity was reduced mainly due to the unprecedented challenges of the Covid-19 pandemic from March 2020 and the economic uncertainty leading up to the December 2020 Brexit date. We adapted to Covid-19 working practices and procedures and despite some temporary closures and slow-downs we stayed operational throughout.

Notwithstanding the unprecedented challenges and uncertainties of Covid-19 the group had another successful year achieving profits of £1.7 million on turnover of £10.3 million as against profits of £2.9 million from turnover of £10.6 million the previous year.

Future prospects

The UK has made a very encouraging start in the roll out of the Covid-19 vaccination programme and a trade deal has also been reached with the EU so the directors believe that confidence will be renewed in the UK construction sector and in the UK economy as a place to do business.

The directors expect the strength of the group with its strong and liquid balance sheet, our dedicated and experienced team and our reputation in our sectors to continue the delivery of a consistent, profitable, timely and quality service to our valued customers.

HORTON DEVELOPMENTS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

Principal risks and uncertainties

The principal risks are very similar to most companies operating in the construction and property industry, namely the state of the economy, health and safety and competitive market place. The Group is dependent on the demand for hire of plant and property income from its related companies, Mitchellson Formwork & Civil Engineering Limited and Bedford Precast Limited.

The directors are confident that the demand from the related companies and others will continue to grow albeit remaining very competitive. The Group has a strong balance sheet and the directors believe that the Group will continue to be profitable.

Financial instruments, credit and liquidity risk

The Group's principal financial instruments comprise of bank balances, receivables from related companies, trade debtors, payables to related companies and trade creditors. It does not have any complex financial instruments or hedging mechanism.

The Group's credit and liquidity risks are mainly attributable to the amounts recoverable from related companies and its trade debtors. The debtors are closely monitored to ensure full recovery of balances.

The financial statements show the Group maintains a strong balance sheet with significant reserves and efficient financial reporting procedures to regularly monitor the operational risk.

Going concern

The Group has considerable financial resources and the directors believe that the Group is well placed to manage its business risks successfully despite the current economic outlook.

The directors expect the Group to have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

This report was approved by the board on 6 December 2021 and signed on its behalf.

M L Masterson

Director

HORTON DEVELOPMENTS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MAY 2021

The directors present their report and the financial statements for the year ended 31 May 2021.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Results and dividends

The profit for the year, after taxation, amounted to £1,369,260 (2020 - £2,382,180).

Interim dividends of £840,000 (2020: £460,000) were paid during the year. The directors have not proposed a final dividend (2020: £Nil).

Directors

The directors who served during the year were:

M L Masterson
C M Mitchell

Strategic report

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's strategic report information required by Schedule 7 of the Large and medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties, financial instruments and future prospects.

HORTON DEVELOPMENTS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2021

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, Riordan O'Sullivan & Co. Chartered Certified Accountants and Statutory Auditors will be deemed to have been reappointed as auditors.

This report was approved by the board on 6 December 2021 and signed on its behalf.

M L Masterson

Director

HORTON DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORTON DEVELOPMENTS LIMITED

Opinion

We have audited the financial statements of Horton Developments Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 May 2021, which comprise the Group Profit and loss account, the Group and Company Balance sheets, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 May 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

HORTON DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORTON DEVELOPMENTS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

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

- adequate accounting records have not been kept by the parent Company; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

HORTON DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORTON DEVELOPMENTS LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

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

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

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

We obtained an understanding of the legal and regulatory framework applicable to the group and the industry in which it operates, through discussions with directors and senior management and from our commercial knowledge and experience of the construction industry.

We focused on specific laws and regulations which we considered may have a material effect on the financial statements or the operations of the group, including the Companies Act 2006, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation.

We assessed the extent of compliance with these laws and regulations through discussions and enquiry with directors and senior management.

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur.

We considered the financial controls in place to mitigate risks of fraud and error, including the risk of management bias or override. We tested the appropriateness of journal entries that appeared unusual as to nature or amount.

We considered the impact of Covid-19 and the impact the pandemic has had on the group.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

HORTON DEVELOPMENTS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HORTON DEVELOPMENTS LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Kumar Perumal (Senior statutory auditor)
for and on behalf of

Riordan O'Sullivan & Co

Chartered Certified Accountants and Statutory Auditors
40 Chamberlayne Road
London
NW10 3JE

6 December 2021

HORTON DEVELOPMENTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 2021

	Note	2021 £	2020 £
Turnover	4	10,326,291	10,637,912
Cost of sales		(7,759,576)	(7,046,768)
Gross profit		2,566,715	3,591,144
Administrative expenses		(847,886)	(700,357)
Other operating income	5	-	69,833
Operating profit	6	1,718,829	2,960,620
Interest receivable and similar income	10	-	12,360
Interest payable and similar expenses	11	(28,385)	(32,015)
Profit before tax		1,690,444	2,940,965
Taxation	12	(321,184)	(558,785)
Profit for the financial year		1,369,260	2,382,180
Profit for the year attributable to:			
Owners of the parent company		1,369,260	2,382,180
		1,369,260	2,382,180

The Profit and Loss account has been prepared on the basis that all operations are continuing operations.

HORTON DEVELOPMENTS LIMITED

REGISTERED NUMBER:02916697

CONSOLIDATED BALANCE SHEET AS AT 31 MAY 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	14	2,976,861	3,208,397
Investment property	16	14,065,000	14,065,000
		<u>17,041,861</u>	<u>17,273,397</u>
Current assets			
Stocks	17	122,439	109,394
Debtors	18	1,448,119	536,339
Cash at bank and in hand		415,294	1,683,904
		<u>1,985,852</u>	<u>2,329,637</u>
Creditors: amounts falling due within one year	19	(7,598,052)	(8,881,998)
		<u>(5,612,200)</u>	<u>(6,552,361)</u>
Net current liabilities			
		<u>11,429,661</u>	<u>10,721,036</u>
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	20	(547,832)	(413,730)
Provisions for liabilities			
Deferred taxation	23	(483,243)	(437,980)
		<u>(483,243)</u>	<u>(437,980)</u>
Net assets			
		<u><u>10,398,586</u></u>	<u><u>9,869,326</u></u>
Capital and reserves			
Called up share capital	24	18,000	18,000
Revaluation reserve		928,698	928,698
Consolidated reserves		6,067,554	6,067,554
Profit and loss account		3,384,334	2,855,074
		<u>10,398,586</u>	<u>9,869,326</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 December 2021.

M L Masterson
Director

C M Mitchell
Director

The notes on pages 16 to 29 form part of these financial statements.

HORTON DEVELOPMENTS LIMITED

REGISTERED NUMBER:02916697

COMPANY BALANCE SHEET AS AT 31 MAY 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	15	9,000	9,000
Investment property	16	14,065,000	14,065,000
		<u>14,074,000</u>	<u>14,074,000</u>
Current assets			
Debtors	18	498,854	24,824
Cash at bank and in hand		84,476	593,884
		<u>583,330</u>	<u>618,708</u>
Creditors: amounts falling due within one year	19	(8,088,901)	(8,885,491)
Net current liabilities		<u>(7,505,571)</u>	<u>(8,266,783)</u>
Total assets less current liabilities		<u>6,568,429</u>	<u>5,807,217</u>
Provisions for liabilities			
Deferred taxation	23	(217,843)	(217,843)
		<u>(217,843)</u>	<u>(217,843)</u>
Net assets		<u><u>6,350,586</u></u>	<u><u>5,589,374</u></u>
Capital and reserves			
Called up share capital	24	18,000	18,000
Revaluation reserve		928,698	928,698
Profit and loss account		5,403,888	4,642,676
		<u>6,350,586</u>	<u>5,589,374</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 December 2021.

M L Masterson
Director

C M Mitchell
Director

The notes on pages 16 to 29 form part of these financial statements.

HORTON DEVELOPMENTS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2021

	Called up share capital £	Revaluation reserve £	Consolidated reserves £	Profit and loss account £	Total equity £
At 1 June 2019 (Parent)	9,000	928,698	-	932,894	1,870,592
Profit for the year	-	-	-	2,382,180	2,382,180
Dividends	-	-	-	(460,000)	(460,000)
Shares issued	9,000	-	-	-	9,000
Acquisition of subsidiary	-	-	6,067,554	-	6,067,554
At 1 June 2020	18,000	928,698	6,067,554	2,855,074	9,869,326
Profit for the year	-	-	-	1,369,260	1,369,260
Dividends	-	-	-	(840,000)	(840,000)
At 31 May 2021	18,000	928,698	6,067,554	3,384,334	10,398,586

The notes on pages 16 to 29 form part of these financial statements.

HORTON DEVELOPMENTS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MAY 2021

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 June 2019	9,000	928,698	932,894	1,870,592
Profit for the year	-	-	4,169,782	4,169,782
Dividends	-	-	(460,000)	(460,000)
Shares issued	9,000	-	-	9,000
At 1 June 2020	18,000	928,698	4,642,676	5,589,374
Profit for the year	-	-	1,601,212	1,601,212
Dividends	-	-	(840,000)	(840,000)
At 31 May 2021	18,000	928,698	5,403,888	6,350,586

The notes on pages 16 to 29 form part of these financial statements.

HORTON DEVELOPMENTS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MAY 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	1,369,260	2,382,180
Adjustments for:		
Depreciation of tangible assets	1,041,987	1,309,931
Profit on disposal of tangible assets	(26,900)	(93,414)
Interest paid	28,376	32,015
Interest received	-	(12,360)
Taxation charge	321,184	558,785
Increase in stocks	(13,045)	(23,599)
(Increase)/decrease in debtors	(532,889)	2,813,524
(Decrease) in creditors	(1,191,455)	(1,046,485)
Corporation tax paid	(718,447)	(668,650)
Net cash generated from operating activities	278,071	5,251,927
Cash flows from investing activities		
Purchase of tangible fixed assets	(82,930)	(289,822)
Sale of tangible fixed assets	134,000	158,740
Purchase of investment properties	-	(6,000,000)
Cash acquired at acquisition	-	2,535,676
Interest received	-	12,360
HP and other interest paid	(28,376)	(32,015)
Net cash from investing activities	22,694	(3,615,061)
Cash flows from financing activities		
Issue of ordinary shares	-	9,000
Repayment of/new finance leases	(729,375)	(732,044)
New loans from associates	-	1,230,082
Dividends paid	(840,000)	(460,000)
Net cash used in financing activities	(1,569,375)	47,038
Cash and cash equivalents at beginning of year	1,683,904	-
Cash and cash equivalents at the end of year	415,294	1,683,904
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	415,294	1,683,904
	415,294	1,683,904

HORTON DEVELOPMENTS LIMITED

CONSOLIDATED ANALYSIS OF NET DEBT FOR THE YEAR ENDED 31 MAY 2021

	At 1 June 2020	Cash flows	New finance leases	At 31 May 2021
	£	£	£	£
Cash at bank and in hand	1,683,904	(1,268,610)	-	415,294
Debt due within 1 year	(257,935)	139,655	-	(118,280)
Finance leases	(912,414)	729,375	(834,621)	(1,017,660)
	<u>513,555</u>	<u>(399,580)</u>	<u>(834,621)</u>	<u>(720,646)</u>

The notes on pages 16 to 29 form part of these financial statements.

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

1. General information

Horton Developments Limited ("the Company") is a private company limited by shares incorporated in England and Wales. The registered office is Mitchellson House, Stanwell Road, Horton, Slough, Berkshire, SL3 9PF.

The Group consists of Horton Developments Limited and its subsidiary company, Mitchellson Plant Hire Limited.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investment properties and certain financial instruments at fair value, unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the group's accounting policies (see note 3).

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

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings using acquisition accounting at the balance sheet date. A subsidiary is an entity that is controlled by another entity, known as the parent. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiary undertakings acquired or disposed of during a financial period are included from, or up to, the effective date of acquisition or disposal. Intra group balances, sales and profits are eliminated fully on consolidation. Uniform accounting policies have been adopted across the Group.

2.3 Turnover

Turnover from plant hire is recognised on a straight line basis over the period of the rental contract and is shown net of VAT.

Rental income is recognised on an accrual basis and is shown net of VAT.

2.4 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.5 Going concern

The directors are required to consider whether the Group can continue in operational existence for the foreseeable future. The Group's business activities and the factors which may affect its future development, financial position and principal risks and uncertainties are set out in the Group Strategic

Report on pages 1 to 2. The directors are confident that the Group has adequate resources to continue in operational existence and to manage its business risks successfully and to generate profit

and positive cash flows for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements.

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

2. Accounting policies (continued)

2.6 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in the profit and loss account.

2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives:

Depreciation is provided on the following basis:

Plant and machinery	- 5 - 15% Straight line
Motor vehicles	- 15% Reducing balance
Fixtures and fittings	- 25% Reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Finance lease and hire purchase contracts

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.9 Government grants

Grants of a revenue nature are recognised in the Consolidated profit and loss account in the same period as the related expenditure.

2.10 Stocks

Stock consists of consumable items and are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

2. Accounting policies (continued)

2.11 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2.12 Equity instruments

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

2.13 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

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

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

2.14 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

2. Accounting policies (continued)

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.16 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.17 Employee benefits

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements under FRS 102 requires management to make estimates and assumptions that affect amounts recognised for assets and liabilities at the balance sheet date and the amounts of revenue and expenses incurred during the year. Actual outcome may therefore differ from these estimates and assumptions. The estimates and assumptions that have the most significant impact on the carrying values of assets and liabilities of the company within the next financial year are detailed as follows:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into accounts residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors such as technological innovations, maintenance and projected disposal values.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Rent receivable from properties	572,422	485,437
Plant hire income	9,004,623	10,152,475
Sale of consumable materials	749,246	-
	<u>10,326,291</u>	<u>10,637,912</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £	2020 £
Government grants receivable	<u>-</u>	<u>69,833</u>

6. Operating profit

The operating profit is stated after charging/(crediting):

	2021 £	2020 £
Depreciation of owned tangible fixed assets	457,899	796,278
Depreciation of tangible fixed assets held under hire purchase contracts	584,087	513,653
Profit) on disposal of tangible fixed assets	<u>(26,900)</u>	<u>(93,414)</u>

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

7. Auditors' remuneration

Fees payable to the Group's auditors in respect of:

Audit services	18,500	18,500
Other services	13,500	10,000
	<u>32,000</u>	<u>28,500</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Wages and salaries	1,160,172	1,184,548	-	-
Social security costs	121,510	106,904	-	-
Pension costs	67,201	70,705	-	-
	<u>1,348,883</u>	<u>1,362,157</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2021 No.	<i>Group 2020 No.</i>	Company 2021 No.	<i>Company 2020 No.</i>
Employees	<u>28</u>	<u>25</u>	<u>2</u>	<u>2</u>

9. Directors' remuneration

	2021 £	<i>2020 £</i>
Directors' emoluments	<u>72,833</u>	<u>37,875</u>

10. Interest receivable

	2021 £	<i>2020 £</i>
Other interest receivable	<u>-</u>	<u>12,360</u>

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

11. Interest payable and similar expenses

	2021 £	2020 £
Finance leases and hire purchase contracts	28,376	31,971
Other loan interest payable	9	44
	<u>28,385</u>	<u>32,015</u>

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	275,921	535,793
Deferred tax		
Origination and reversal of timing differences	45,263	22,992
	<u>321,184</u>	<u>558,785</u>

Taxation on profit on ordinary activities

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>1,690,444</u>	<u>2,940,965</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	321,184	558,783
Effects of:		
Capital allowances for year in excess of depreciation	(40,152)	(5,242)
Profit on disposal of fixed assets	(5,111)	(17,748)
Origination and reversal of timing differences	45,263	22,992
	<u>321,184</u>	<u>558,785</u>
Total tax charge for the year	<u>321,184</u>	<u>558,785</u>

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

13. Dividends

	2021 £	2020 £
Interim dividends paid	<u>840,000</u>	<u>460,000</u>

14. Tangible fixed assets

Group

	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 June 2020	10,078,758	798,854	69,322	10,946,934
Additions	917,550	-	-	917,550
Disposals	(344,611)	(28,700)	-	(373,311)
At 31 May 2021	<u>10,651,697</u>	<u>770,154</u>	<u>69,322</u>	<u>11,491,173</u>
Depreciation				
At 1 June 2020	7,253,071	416,144	69,322	7,738,537
Charge for the year	951,696	90,290	-	1,041,986
Disposals	(259,040)	(7,171)	-	(266,211)
At 31 May 2021	<u>7,945,727</u>	<u>499,263</u>	<u>69,322</u>	<u>8,514,312</u>
Net book value				
At 31 May 2021	<u>2,705,970</u>	<u>270,891</u>	<u>-</u>	<u>2,976,861</u>
At 31 May 2020	<u>2,825,687</u>	<u>382,710</u>	<u>-</u>	<u>3,208,397</u>

Included within the net book value of £2,976,861 is £2,164,252 (2020: £1,913,725) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £584,090 (2020: £513,653).

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 June 2020	9,000
At 31 May 2021	<u>9,000</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the company, which is registered in England and Wales:

Name	Principal activity	Class of shares	Holding
Mitchellson Plant Hire Limited	Plant hire and sales	Ordinary	100 %

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

16. Investment property

Group and Company

	Freehold investment property £
Valuation	
At 1 June 2020	14,065,000
At 31 May 2021	14,065,000

All of the Group's investment properties are held in the Parent company.

The balance £14,065,000 comprises two properties valued £12,125,000 (2020: £12,125,000) and £1,940,000 (£1,940,000).

The investment property stated at £12,125,000 was valued on 29 March 2019 by Avison Young and independent firm of Chartered Surveyors, on an open market existing value basis and the directors consider that this valuation reflects the fair value of the properties at the balance sheet date.

The investment property stated at £1,940,000 was revalued on 26 November 2018 by Gibbs Gillispie Surveyors Limited an independent firm of Chartered Surveyors, on an open market existing value basis and the directors consider that this valuation reflects the fair value of the properties at the balance sheet date.

17. Stocks

	Group 2021 £	Group 2020 £
Consumable materials	122,439	109,394

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

18. Debtors

	Group	<i>Group</i>	Company	<i>Company</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£	<i>£</i>	£	<i>£</i>
Trade debtors	188,345	236,500	6,718	6,718
Amounts owed by related undertakings	832,776	276,732	474,030	-
Prepayments	18,107	23,107	18,106	18,106
Tax recoverable	408,891	-	-	-
	<u>1,448,119</u>	<u>536,339</u>	<u>498,854</u>	<u>24,824</u>

The amounts owed by related undertakings are unsecured, interest free and repayable on demand.

19. Creditors: Amounts falling due within one year

	Group	<i>Group</i>	Company	<i>Company</i>
	2021	<i>2020</i>	2021	<i>2020</i>
	£	<i>£</i>	£	<i>£</i>
Trade creditors	782,870	476,498	-	7,294
Amounts owed to group undertakings	-	-	7,801,862	2,900,197
Amounts owed to related undertakings	6,064,324	6,995,883	-	5,708,721
Corporation tax	-	33,635	95,310	166,492
Other taxation and social security	52,351	495,648	76,340	70,633
Obligations under hire purchase contracts	469,828	498,684	-	-
Other creditors	128,668	287,498	103,487	25,807
Accruals	100,011	94,152	11,902	6,347
	<u>7,598,052</u>	<u>8,881,998</u>	<u>8,088,901</u>	<u>8,885,491</u>

The amounts owed to group and related undertakings are unsecured, interest free and payable on demand.

20. Creditors: Amounts falling due after more than one year

	Group	<i>Group</i>
	2021	<i>2020</i>
	£	<i>£</i>
Obligations under hire purchase contracts	<u>547,832</u>	<u>413,730</u>

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

21. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2021 £	<i>Group</i> <i>2020</i> £
Within one year	469,828	498,684
Between 1-5 years	547,832	413,730
	<u>1,017,660</u>	<u>912,414</u>

The hire purchase agreements are secured on the assets to which they relate.

22. Financial instruments

	Group 2021 £	<i>Group</i> <i>2020</i> £	Company 2021 £	<i>Company</i> <i>2020</i> £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>1,466,415</u>	<u>2,197,136</u>	<u>595,224</u>	<u>600,602</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(8,114,533)</u>	<u>(8,766,445)</u>	<u>(7,947,251)</u>	<u>(8,648,366)</u>

23. Deferred taxation

Group

	2021 £	<i>2020</i> £
At beginning of year	437,980	217,843
Charged to profit or loss	45,263	22,992
Arising on business combinations	-	197,145
At end of year	<u>483,243</u>	<u>437,980</u>

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

23. Deferred taxation (continued)

Company

	2021 £	2020 £
At beginning of year	217,843	217,843
At end of year	217,843	217,843

The provision for deferred taxation is made up as follows:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Accelerated capital allowances	265,400	220,137	-	-
Deferred tax on revaluation	217,843	217,843	217,843	217,843
	483,243	437,980	217,843	217,843

24. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
18,000 Ordinary shares of £1 each	18,000	18,000

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £61,201 (2020: £70,705). Contributions totalling £4,187 (2020: £6,324) were payable to the fund at the balance sheet date and are included in creditors.

HORTON DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2021

26. Related party transactions

a) Group companies

The Group has taken advantage of the exemption available in accordance with Financial Reporting Standard 102, Section 33.1A, 'Related Party Disclosures' not to disclose transactions entered and outstanding balances between two or more members of a Group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

b) Other related undertakings

The Group is related to Mitchellson Formwork & Civil Engineering Limited, Three M's Harwich Limited, Mitchellson Rail Limited and Bedford Precast Limited by virtue of being under common control.

During the year, the Group entered into the following transactions with related parties:

Rent receivable - £54,000 (2020: £54,000).

Sale of plant and equipment hire - £8,878,300 (2020: £10,093,796).

Sale of consumables - £749,246 (2020: £Nil)

Rent payable - Nil (2020: £45,670).

C) Key management personnel

The key management personnel are the group's directors and their total remuneration was £81,670 (2020: £50,188), including employer's national insurance of £8,837 (2020: £12,313).

27. Post balance sheet events

There were no events since the year end which materially affected the group.

28. Controlling party

The ultimate controlling parties are both of the directors of the Group by virtue of their shareholdings.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.