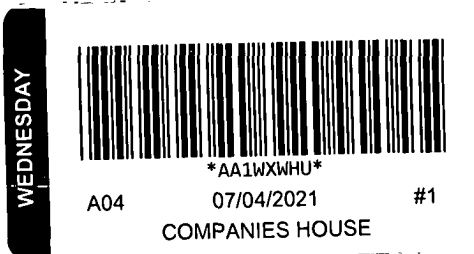


Registration number: 03871243

Horndrift Limited
Annual Report and Financial Statements
for the Year Ended 31 March 2020



Horndrift Limited

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Horn drift Limited

Directors' Report for the Year Ended 31 March 2020

The directors present their report and the audited financial statements for the year ended 31 March 2020.

Directors of the company

The directors, who held office during the year, and up to the date of signing the financial statements, were as follows:

S M Barzycki (resigned 26 May 2020)

J C McNuff (resigned 26 May 2020)

P S Macey (resigned 26 May 2020)

C J Middleton (resigned 26 May 2020)

B Lewis (resigned 26 May 2020)

N M Webb (resigned 26 May 2020)

J M Austen (appointed 26 May 2020)

P S Cameron (appointed 26 May 2020)

Directors' responsibilities statement

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' indemnities

A number of associated companies within the group have indemnified one or more of the directors that were in office during the year. The indemnity arrangements were qualifying indemnity provisions under the Companies Act 2006.

Horndrift Limited

Directors' Report for the Year Ended 31 March 2020 (continued)

Going concern

The directors consider the company to be a going concern and the financial statements are prepared on this basis. Details of this are shown in note 2 of the financial statements.

Subsequent Events

Details of significant events since the Balance Sheet date are contained in note 15.

Disclosure of information to the auditor

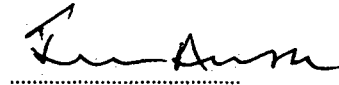
Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Appointment of independent auditor

PricewaterhouseCoopers LLP resigned as auditor to the company in May 2020 and the directors subsequently appointed BDO LLP in their place. BDO LLP have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the next Annual General Meeting.

In preparing this directors' report advantage has been taken of the exemptions available to small companies under s415A of the Companies Act.

Approved by the Board on 31/3/2021 and signed on its behalf by:


.....

J M Austen
Director

Horndrift Limited

Independent Auditor's Report to the Members of Horndrift Limited

Opinion

We have audited the financial statements of Horndrift Limited ("the Company") for the year ended 31 March 2020 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Horndrift Limited

Independent Auditor's Report to the Members of Horndrift Limited (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and 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; or
- The Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of Directors

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

In preparing the financial statements, the Directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Horndrift Limited

Independent Auditor's Report to the Members of Horndrift 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 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.

BDO LLP

Christopher Wingrave (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick, UK
31 March 2021

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

Horndrift Limited

Profit and Loss Account for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	-	254
Operating profit		-	254
Revaluation of investments		1,700,000	1,600,000
Profit on ordinary activities before interest and taxation		1,700,000	1,600,254
Interest receivable and similar income	5	-	5
Interest payable and similar expenses	6	(30)	-
Profit on ordinary activities before taxation		1,699,970	1,600,259
Taxation	9	-	-
Profit for the year		1,699,970	1,600,259

Turnover and results were derived from continuing operations within the United Kingdom.

Under the property management agreement the beneficial owners are entitled to income. This income is utilised to meet operation costs of the structure.

The notes on pages 12 to 18 form an integral part of these financial statements.

Horndrift Limited

Statement of Comprehensive Income for the Year Ended 31 March 2020

	2020 £	2019 £
Profit for the year	<u>1,699,970</u>	<u>1,600,259</u>
Total comprehensive income for the year	<u>1,699,970</u>	<u>1,600,259</u>

The notes on pages 12 to 18 form an integral part of these financial statements.

Horndrift Limited

(Registration number: 03871243)

Balance Sheet as at 31 March 2020

	Note	31 March 2020 £	31 March 2019 £
Fixed assets			
Investments held at fair value through profit or loss	10	102,000,000	100,300,000
		<u>102,000,000</u>	<u>100,300,000</u>
Current assets			
Cash and cash equivalents	11	229	259
		<u>229</u>	<u>259</u>
Creditors due within one year	12	(266,405)	(268,405)
Net current liabilities		<u>(266,176)</u>	<u>(268,146)</u>
Net assets		<u>101,733,824</u>	<u>100,031,854</u>
Capital and reserves			
Share capital	13	2,100	100
Profit and loss account		<u>101,731,724</u>	<u>100,031,754</u>
Total shareholders' funds		<u>101,733,824</u>	<u>100,031,854</u>

Approved by the Board on 31/3/2021 and signed on its behalf by:



J M Austen
Director

The notes on pages 12 to 18 form an integral part of these financial statements.

Horndrift Limited

Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital	Profit and loss account	Total
	£	£	£
Balance at 1 April 2018	100	98,431,495	98,431,595
Profit for the year	-	1,600,259	1,600,259
Total comprehensive income for the year	-	1,600,259	1,600,259
Balance at 31 March 2019	100	100,031,754	100,031,854
Balance at 1 April 2019	100	100,031,754	100,031,854
Profit for the year	-	1,699,970	1,699,970
Total comprehensive income for the year	-	1,699,970	1,699,970
Shares issued	2,000	-	2,000
Balance at 31 March 2020	2,100	101,731,724	101,733,824

The notes on pages 12 to 18 form an integral part of these financial statements.

Horndrift Limited

Notes to the Financial Statements for the Year Ended 31 March 2020

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England, United Kingdom.

The address of its registered office is:

8th Floor,

1 Fleet Place,

London,

England, EC4M 7RA

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

Summary of disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) The requirements of IAS 1 to provide a Statement of Cash flows for the year;
- (b) The requirements of IAS 1 to provide a statement of compliance with IFRS;
- (c) The requirements of IAS 1 to disclose information on the management of capital;
- (d) The requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to disclose new IFRS's that have been issued but are not yet effective;
- (e) The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into 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;
- (f) The requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation;
- (g) The requirements of IFRS 7 to disclose financial instruments; and
- (h) The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement to disclose information of fair value valuation techniques and inputs.

Horndrift Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (continued)

Disclosure exemptions for subsidiaries are permitted where the relevant disclosure requirements are met in the consolidated financial statements. Where required, equivalent disclosures are given in the group financial statements of The British Land Company PLC for the year ended 31 March 2020. The group financial statements of The British Land Company PLC are available to the public and can be obtained as set out in note 16.

Adoption status of relevant new financial reporting standards and interpretations

During the year the company adopted the following standards:

IFRS 16 - Leases

The new standard results in lessees bringing almost all operating leases on balance sheet as the distinction between operating and finance leases is removed. The accounting for lessors has not significantly changed. The company does not hold any material leases as lessee therefore adoption of IFRS 16 has not had a material impact on the financial statements of the company. The standard was applied using the modified retrospective approach.

Apart from the changes in the standards highlighted above, no other standards, interpretations and amendments effective for the first time from 1 April 2019 have had a material effect on the financial statements.

Going concern

The Balance Sheet shows that the company has net current liabilities. The principal creditor was the ultimate parent company and the terms of the borrowing included the right of the subsidiary to request that the amount of the loan equal to any deficit be eliminated by converting the loan into share capital.

On 27 May 2020 the Company was acquired by Horner REIT Limited and as part of the acquisition the creditor was settled in full. The new ultimate parent companies have undertaken to provide working capital in order for the company to continue for the foreseeable future and to meet all its liabilities as they fall due.

As a consequence of this the directors consider that the company is well placed to manage its business risks successfully in the current economic climate. Accordingly, they believe the going concern basis of preparation for these financial statements is an appropriate one.

Taxation

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit differs from net profit as reported in the Profit and Loss Account because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided on items that may become taxable at a later date, on the difference between the Balance Sheet value and tax base value, on an undiscounted basis.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Horndrift Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (continued)

Creditors

Trade and other creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate.

Investments held at fair value through profit or loss

Investments held at fair value through profit or loss are initially recorded at fair value and are subsequently revalued at the Balance Sheet date. Any surplus or deficit arising on revaluing investments held at fair value through profit or loss is recognised in the Profit and Loss account.

3 Significant accounting judgements and key sources of estimation uncertainty

The key source of estimation uncertainty relates to the valuation of investments (see note 10). The potential for management to make judgements or estimates relating to those items which would have a significant impact on the financial statements is considered, by the nature of the group's business, to be limited.

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2020 £	2019 £
Other revenue	-	254
	-	254

5 Interest receivable and similar income

	2020 £	2019 £
Interest income on bank deposits	-	5
	-	5

6 Interest payable and similar expenses

	2020 £	2019 £
Other finance costs	30	-
	30	-

7 Auditors' remuneration

A charge of £7,500 (2019: £1,090) is deemed payable to the auditor in respect of the audit of the financial statements for the year ended 31 March 2020. Actual amounts payable to the auditor are borne by a fellow group undertaking.

No non-audit fees (2019: £nil) were paid to the auditor.

Horndrift Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

8 Staff costs

No director (2019: nil) received any remuneration for services to the company in either year. The remuneration of the directors was borne by another company, for which no apportionment or recharges were made. The value of this service was negligible.

Average number of employees, excluding directors, of the company during the year was nil (2019: nil).

Horndrift Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

9 Taxation

	2020 £	2019 £
Current taxation		
UK corporation tax	-	-
Tax charge	-	-
	2020 £	2019 £
Tax reconciliation		
Profit on ordinary activities before taxation	1,699,970	1,600,259
Tax on profit on ordinary activities at UK corporation tax rate of 19% (2019: 19%)	322,994	304,049
Effects of:		
Increase in fair value of property related investments not subject to tax	(322,988)	(304,000)
Group relief	6	(49)
Total tax charge	-	-

The company's ultimate parent company at the Balance Sheet date, The British Land Company PLC is taxed as a UK REIT. As a consequence, group companies are exempted from UK corporation tax on the profits of a UK property rental business and on the gains on UK property investments.

10 Investments held at fair value through profit or loss

	31 March 2020 £	31 March 2019 £
Investments held at fair value through profit or loss	102,000,000	100,300,000

The investments held at fair value through profit or loss comprise interests as a trust beneficiary. The trust's assets comprise freehold reversions in a pool of commercial properties, comprising Sainsbury's superstores. The fair value of the investment has been determined by reference to an observable market price for the asset as part of a transaction for the sale of the company (see note 15). As such the interest is categorised as level 1 in the fair value hierarchy. In the prior year the interest was categorised as level 3 in the fair value hierarchy and its fair value was determined by the Directors, supported by an external valuation from CBRE Limited.

Horndrift Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

11 Cash and cash equivalents

	31 March 2020 £	31 March 2019 £
Cash at bank	229	259
	229	259

12 Creditors due within one year

	31 March 2020 £	31 March 2019 £
Amounts due to related parties	266,205	268,205
Preference shares (see note 13)	200	200
	266,405	268,405

Amounts due to related parties relate to amounts owed to other wholly owned group companies which are repayable on demand. Interest is charged on these balances in accordance with the group policy on intercompany loan accounts.

13 Called up share capital and preference shares

	31 March 2020		31 March 2019	
	No.	£	No.	£
Ordinary A shares of £0.001 each	2,001,000	2100	1,000	1.00
Ordinary B shares of £1.000 each	99	99	99	99
	2,001,099	2,100	1,099	100

Shares classified as financial liabilities:

	No	2020 £	No	2019 £
1% cumulative preference shares of £1 each	200	200	200	200

On 20 December 2019 the company issued 2,000,000 new ordinary A shares of £0.001 each at par.

Horndrift Limited

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

13 Called up share capital and preference shares (continued)

The 'A' ordinary shares carry full voting rights. No dividend can be declared on the 'A' ordinary shares unless a dividend of up to 1% of the aggregate amount to be declared is, at the same time, declared on the 'B' ordinary shares.

The 'B' ordinary shares carry no voting rights. No dividend can be declared on the 'B' ordinary shares unless a dividend is also declared on the 'A' ordinary shares. On a winding up of the company 'B' ordinary shareholders have a right to receive the nominal amount paid on each of their shares in preference to any payments to the 'A' ordinary shareholders. The 'B' ordinary shareholders have no further right to participate in the assets of the company available for distribution.

The preference shares are redeemable at par at any time after the provision of not less than 14 days written notice to the holders of such shares. Where the company distributes profit in respect of a financial year they carry a cumulative dividend of nil% per annum in priority to other shareholders. The preference shares carry no voting rights. On a winding up of the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share plus any accrued dividend. These shares meet the definition of a financial liability under IFRS 9.

14 Capital commitments

The total amount contracted for but not provided in the financial statements was £nil (2019: £nil)

15 Subsequent events

On 27 May 2020 the immediate parent, BL Superstores Holding Company Limited, sold its entire interest in the company to Horner REIT Limited (see note 16). The sale transaction placed a valuation of £102,000,000 on the company's investment. The directors have determined that the fair value as at 31 March 2020 is not materially different from this valuation and therefore it has been adopted as the carrying value in these financial statements.

16 Parent and ultimate parent undertaking

At 31 March 2020 the immediate parent company was BL Superstores Holding Company Limited and the ultimate holding company and controlling party was The British Land Company PLC.

The British Land Company PLC is the smallest and largest group for which group accounts are available and which include the company. Group accounts for this company are available on request from British Land, York House, 45 Seymour Street, London, W1H 7LX.

With effect from 27 May 2020 the immediate parent company is Horner REIT Limited. The ultimate holding company is Horner (Jersey) LP and the company has no ultimate controlling party.