

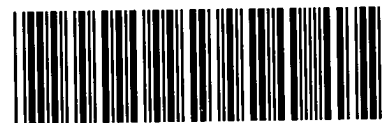
Hortons' Estate Developments Limited

**Annual report and financial
statements**

Registered number 5348997

For the year ended 30 September 2014

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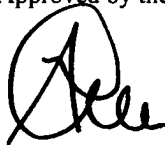
Strategic report

During the year the company completed the sale of a number of developments and continues to promote its remaining units and land for development.

In the forthcoming year, they look forward to commencing further developments. However, the company will only commence development on a pre-let or pre-sold basis.

The results for the year are in line with the directors' expectations and are entirely consistent with the stage of the development of the company's sites.

Approved by the board of directors on 25 February 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'AC Green', written over a circular stamp or seal.

AC Green
Director

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 September 2014.

Principal activities

The company's principal activity is commercial property development.

Results and dividends

The results for the year are set out in the profit and loss account on page 6. No dividend is proposed (2013: £Nil).

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the company's parent, Hortons' Estate Limited, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Hortons' Estate Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

The directors acknowledge that the company is in a net liabilities position at 30 September 2014, but have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors of the company have received a letter from the directors of Hortons' Estate Limited confirming their indication and ability to provide financial support to the company in order for it to meet its obligations as they fall due and to continue trading for the foreseeable future, being at least 12 months from the date the board approved these financial statements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Hortons' Estate Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors who held office during the year were as follows:

AC Green
RJC Norgrove

Disclosure of information to the 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 Company'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 Company's auditor is aware of that information.

Auditor

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

Approved by the board of directors on 25 February 2015 and signed on its behalf by:



AC Green
Director

Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 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; 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
United Kingdom

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

We have audited the financial statements of Hortons' Estate Developments Limited for the year ended 30 September 2014 set out on pages 6 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

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

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



Michael Froom (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

25 February 2015

Profit and loss account
for the year ended 30 September 2014

	<i>Note</i>	2014 £000	2013 £000
Turnover	<i>1</i>	4,160	790
Cost of sales		(4,047)	(694)
		<hr/>	<hr/>
Gross profit		113	96
		<hr/>	<hr/>
Profit on ordinary activities before taxation	<i>2</i>	113	96
Tax on profit on ordinary activities	<i>4</i>	(24)	(18)
		<hr/>	<hr/>
Profit on ordinary activities after taxation and profit for the financial year	<i>11</i>	89	78
		<hr/>	<hr/>

All of the company's operations are derived from continuing operations.

There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account.

Balance sheet
at 30 September 2014

	<i>Note</i>	2014 £000	£000	2013 £000	£000
Fixed assets					
Tangible assets	5		933		-
Investments	6		-		-
Current assets					
Stocks	7	3,776		7,129	
Debtors	8	2,224		199	
Cash at bank and in hand		-		893	
		<u>6,000</u>		<u>8,221</u>	
Creditors: Amounts falling due within one year	9	<u>(7,243)</u>		<u>(8,620)</u>	
Net current liabilities			<u>(1,243)</u>		<u>(399)</u>
Net liabilities			<u>(310)</u>		<u>(399)</u>
Capital and reserves					
Called up share capital	10	-		-	
Profit and loss account	11	(310)		(399)	
Total shareholders' deficit	12	<u>(310)</u>		<u>(399)</u>	

These financial statements were approved by the board of directors on 25 February 2015 and were signed on its behalf by:



AC Green
Director

Registered number: 5348997

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

The financial statements are prepared under the historical cost convention. The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the company is included in the consolidated financial statements of its ultimate parent, Hortons' Estate Limited, a company incorporated in the United Kingdom and registered in England and Wales.

Due to the nature of the company's business, the directors do not believe that the company has different classes of business as defined in SSAP 25. Accordingly, the additional disclosures set out in SSAP 25 are not considered to be required.

Cash flow

The company has taken advantage of the exemption from preparing a cash flow statement in accordance with Financial Reporting Standard 1 (revised) on the basis that the ultimate parent undertaking has prepared a consolidated cash flow statement.

Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the strategic report and directors' report on page 1 and 2 respectively.

The company is expected to continue to generate positive cash flows on its own account for the foreseeable future. The company participates in the group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The directors, having assessed the responses of the directors of the company's parent, Hortons' Estate Limited, to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Hortons' Estate Limited group to continue as a going concern or its ability to continue with the current banking arrangements.

The directors acknowledge that the company is in a net liabilities position at 30 September 2014, but have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The directors of the company have received a letter from the directors of Hortons' Estate Limited confirming their indication and ability to provide financial support to the company in order for it to meet its obligations as they fall due and to continue trading for the foreseeable future, being at least 12 months from the date the board approved these financial statements.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of Hortons' Estate Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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 from the commencement of the lease over the shorter of the lease term or the period to the next rent review.

Notes (continued)

1 Accounting policies (continued)

Turnover (continued)

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.

Investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

Stocks

Cumulative costs incurred in relation to development contracts net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as work in progress.

Long term contracts

The amount of profit attributable to the stage of completion of long term contracts is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. A provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2 Notes to the profit and loss account

Remuneration of auditors and non-audit fees in relation to taxation services have been borne by Hortons' Estate Limited in the current and prior year. Auditor's remuneration is payable to KPMG LLP.

3 Staff numbers and costs

No persons were employed directly by the company during the current or prior year. The directors are remunerated by another group company and it is considered that an insignificant proportion of their time is spent in dealing with the affairs of the company and therefore they receive no remuneration for their service to this company.

4 Tax on profit on ordinary activities

Analysis of charge for the year

	2014 £000	£000	2013 £000	£000
<i>Current tax</i>				
UK corporation tax	24		21	
Adjustments in respect of prior years	-		(3)	
	<hr/>		<hr/>	
Total current tax		24		18
		<hr/>		<hr/>
Tax on profit on ordinary activities		24		18
		<hr/>		<hr/>

Notes (continued)

4 Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the year

The current tax credit for the year is the same as (2013: lower) the standard rate of corporation tax in the UK of 22% (2013: 23.5%). The differences are explained below:

	2014 £000	2013 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	113	97
	<hr/>	<hr/>
Current tax at 22% (2013: 23.5%)	25	23
	<hr/>	<hr/>
<i>Effects of:</i>		
Marginal relief	(1)	(2)
Adjustments to tax charge in respect of previous year	-	(3)
	<hr/>	<hr/>
Total current tax charge	24	18
	<hr/>	<hr/>

Factors that may affect future charges

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

5 Tangible fixed assets

	Asset under construction £000
<i>Cost or valuation</i>	
At beginning of year	-
Additions	770
Transfer from stock	163
	<hr/>
At end of year	933
	<hr/>
<i>Net book value</i>	
At 30 September 2014	933
	<hr/>
At 30 September 2013	-
	<hr/>

Notes (continued)

6 Investments

	Shares in subsidiary undertakings
<i>Cost</i>	
At beginning and end of year	1

Interests in subsidiaries

The company owned the issued ordinary share of its subsidiary as follows:

Company	Business	Holding %
Kings Court Kettering Management Company Limited	Property management	100

The company's subsidiary undertaking operates wholly within the United Kingdom.

7 Stocks

	2014 £000	2013 £000
Work in progress	3,776	7,129

8 Debtors

	2014 £000	2013 £000
Trade debtors	-	2
Amount owed by group undertakings	2,121	148
Prepayments and accrued income	8	7
Other taxes and social security	95	42
	2,224	199

Notes (continued)

9 Creditors: Amounts falling due within one year

	2014 £000	2013 £000
Trade creditors	174	93
Bank overdraft	472	-
Amounts owed to parent company	6,073	8,253
Amounts due to group companies	329	12
Corporation tax	10	-
Other taxes and social security	-	13
Accruals and deferred income	185	249
	<u>7,243</u>	<u>8,620</u>

The amount owed to the parent company is unsecured and bears no interest.

10 Called up share capital

	2014 £	2013 £
<i>Authorised, allotted, called up and fully paid:</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

11 Movement on reserves

	Profit and loss account £000
At beginning of year	(399)
Profit for the financial year	89
At end of year	<u>(310)</u>

12 Reconciliation of movements in shareholders' deficit

	2014 £000	2013 £000
Profit for the financial year	89	78
Opening shareholders' deficit	(399)	(477)
Closing shareholders' deficit	<u>(310)</u>	<u>(399)</u>

13 Contingent liabilities

The company and other members of the Hortons' Estate Group have entered into a composite, joint and several guarantee with the group's principal bankers whereby the company has guaranteed amounts owing to the bank at any time. At 30 September 2014, the company had a contingent liability of £60,292,000 (2013: £60,879,000) under this arrangement.

Notes *(continued)*

14 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with other wholly owned companies in the group.

15 Ultimate parent company

The immediate and ultimate parent undertaking and ultimate controlling party is Hortons' Estate Limited, registered in England and Wales and is the smallest and largest group in which the results of this company are consolidated. A copy of their financial statements can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The registered office is Latham House, 4th Floor, 33-34 Paradise Street, Birmingham B1 2AJ.