

Hortons' Estate Developments Limited

Directors' report and financial statements

Registered number 05348997

30 September 2021



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Directors' report

The Directors present their annual report and the audited financial statements for the year ended 30 September 2021.

Principal activities

The Company's principal activities are property investment and property development.

Results and dividends

The results for the year are set out in the profit and loss account on page 7. No dividend is proposed (2020: £Nil).

The results for the year reflect the Company's performance during the ongoing COVID-19 pandemic. This, together with the measures to contain the virus have had an impact on the current and ongoing performance of the Company. However, despite these challenges, the Company continues to work on maintaining occupancy levels and pursuing development opportunities where appropriate.

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Directors have reviewed cash flow forecasts for a period up to 31 March 2023 which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds, through its own cash and funding from its immediate parent company, Hortons' Estate Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Hortons' Estate Limited not seeking repayment of the amounts currently due to them, which at 30 September 2021 amounted to £8,682,000, and providing additional financial support during that period. Hortons' Estate Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. The Directors have assessed the ability, intent and economic rationale for Hortons' Estate Limited to provide that support and are satisfied that it is appropriate to rely on that support. As with any company placing reliance on other Group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

Directors

The Directors who held office during the year or at the date of this report were as follows:

SRC Benson

DA Freeman

RJC Norgrove (resigned 25 May 2021)

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2020: £Nil).

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.

Directors' report *(continued)*

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 7 March 2022 and signed on its behalf by:



DA Freeman
Director

Latham House
4th Floor
33-34 Paradise Street
Birmingham
B1 2AJ

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

The Directors are responsible for preparing the 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), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the 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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



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

Opinion

We have audited the financial statements of Hortons' Estate Developments Limited ("the company") for the year ended 30 September 2021 which comprise Profit and Loss account, Balance sheet, Statement of Changes in Equity, and related notes, including the accounting policies in Note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Going concern

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

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

Our conclusions based on this work:

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

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- Reading Board minutes
- Using analytical procedures to identify any unusual or unexpected relationships.

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

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

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that the management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the accounting of the Company's revenue is non-complex, and subject to limited levels of judgment with limited opportunities or incentive for manual intervention in the process to fraudulently manipulate revenue.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual or unexpected accounts.

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

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

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

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

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

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

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

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

Other information

The Directors are responsible for the other information which comprises the Directors' report. Our opinion on the financial statements does not cover this report and we do not express an audit opinion thereon.

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

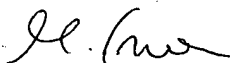
Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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



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

7 March 2022

Profit and loss account
for the year ended 30 September 2021

	<i>Note</i>	2021 £000	2020 £000
Turnover	2	3,051	2,484
Cost of sales		(1,489)	(1,612)
Gross profit		1,562	872
Other operating income/(expense)	3	648	356
Operating profit		2,210	1,228
Interest payable and similar expenses	7	-	(5)
Profit before tax		2,210	1,223
Tax on profit	8	(508)	(198)
Profit after taxation		1,702	1,025

In both the current and prior year, the Company made no material acquisitions and had no discontinued 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. Accordingly, no statement of other comprehensive income is presented.

Balance sheet
at 30 September 2021

	<i>Note</i>	2021 £000	£000	2020 £000	£000
Fixed assets					
Investment property	9		14,030		13,202
Investments	10		-		-
			<u>14,030</u>		<u>13,202</u>
Current assets					
Stocks	11	1,751		2,290	
Debtors	12	2,020		1,909	
Cash at bank and in hand		48		128	
		<u>3,819</u>		<u>4,327</u>	
Creditors: amounts falling due within one year	13	<u>(9,161)</u>		<u>(10,758)</u>	
Net current liabilities			<u>(5,342)</u>		<u>(6,431)</u>
Total assets less current liabilities			<u>8,688</u>		<u>6,771</u>
Provisions for liabilities and charges					
Deferred tax liability	14		(607)		(392)
Net assets			<u>8,081</u>		<u>6,379</u>
Capital and reserves					
Called up share capital	15		-		-
Revaluation reserve			3,141		2,493
Profit and loss account			4,940		3,886
Shareholders' funds			<u>8,081</u>		<u>6,379</u>

These financial statements were approved by the board of Directors on 7 March 2022 and were signed on its behalf by:



DA Freeman
Director

Company registered number: 05348997

Statement of changes in equity

	Called up share capital £000	Revaluation reserve £000	Profit and loss account £000	Total equity £000
Balance at 1 October 2019	-	2,638	2,716	5,354
Total comprehensive income for the period				
Profit	-	(122)	1,147	1,025
Transactions recorded directly in equity				
Transfers	-	(23)	23	-
Balance at 30 September 2020	-	2,493	3,886	6,379
Balance at 1 October 2020	-	2,493	3,886	6,379
Total comprehensive income for the period				
Profit	-	648	1,054	1,702
Balance at 30 September 2021	-	3,141	4,940	8,081

Notes

(forming part of the financial statements)

1 Accounting policies

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

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

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

The Company's ultimate parent undertaking, Hortons' Estate Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Hortons' Estate Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from the address given in note 17. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period; and
- Cash Flow Statement and related notes; and
- Key management personnel compensation.

As the consolidated financial statements of Hortons' Estate Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

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

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.10.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that investment property is stated at fair value.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' report on page 1.

The Company participates in the Group's centralised treasury arrangements and so shares banking arrangements with its parent and fellow subsidiaries.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Directors have reviewed cash flow forecasts for a period up to 31 March 2023 which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds, through its own cash and funding from its immediate parent company, Hortons' Estate Limited, to meet its liabilities as they fall due for that period.

Those forecasts are dependent on Hortons' Estate Limited not seeking repayment of the amounts currently due to them, which at 30 September 2021 amounted to £8,682,000, and providing additional financial support during that period. Hortons' Estate Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. The Directors have assessed the ability, intent and economic rationale for Hortons' Estate Limited to provide that support and are satisfied that it is appropriate to rely on that support. As with any company placing reliance on other Group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

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

1.3 Classification of financial instruments issued by the Company

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

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

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

Notes (continued)

1 Accounting policies (continued)

1.4 Basic financial instruments

Trade and other debtors / creditors

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

1.5 Investment property

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

Subsequent to initial recognition

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

1.6 Stocks

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

Notes (continued)

1 Accounting policies (continued)

1.7 Impairment excluding stocks and investment properties

Financial assets (including trade and other debtors)

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

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

Non-financial assets

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

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

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

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

1.8 Turnover

Rental income

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

Development income

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

1.9 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Notes (continued)

1 Accounting policies (continued)

1.9 Taxation (continued)

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

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

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

1.10 Accounting estimates and judgements

Key sources of estimation uncertainty

The Directors consider the only area of estimation / uncertainty in the financial statements is the valuation of investment property. This valuation is prepared by the Directors' and is based upon assumptions including future income and an appropriate yield with reference to the latest market information and having consulted suitably qualified professionals.

Critical accounting judgements in applying the Company's accounting policies

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

2 Turnover

	2021 £000	2020 £000
Rental income	884	982
Development income	2,167	1,502
Total turnover	<u>3,051</u>	<u>2,484</u>

3 Other operating income

	2021 £000	2020 £000
Fair value adjustments for investment properties	648	(122)
Profit on disposal of investment properties	-	478
	<u>648</u>	<u>356</u>

Notes (continued)

4 Auditor's remuneration

Auditor's remuneration:

	2021 £000	2020 £000
Audit of these financial statements	13	10

The amounts included above for auditor's remuneration are borne by another member of the Group and are therefore not included in the profit or loss.

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Hortons' Estate Limited.

5 Staff numbers and costs

Other than directors the Company has no (2020: no) employees or staff costs for the current financial year or the prior financial year.

6 Directors' remuneration

Directors' emoluments have been borne by another Group company. The Directors of the Company are also Directors or officers of a number of the companies within the Group. The Directors' services to the Company do not occupy a significant amount of their time. As such, the Directors do not consider that they have received any remuneration for their incidental services to the Company for the years ended 30 September 2021 or 30 September 2020.

7 Interest payable and similar expenses

	2021 £000	2020 £000
Other interest	-	5

8 Taxation

Total tax expense recognised in the profit and loss account

	2021 £000	£000	2020 £000	£000
<i>Current tax</i>				
Current tax on income for the period	293		154	
Total current tax		293		154
<i>Deferred tax (note 14)</i>				
Origination and reversal of timing differences	273		44	
Adjustments in respect of prior periods	(58)		-	
Total deferred tax		215		44
Total tax		508		198

Notes (continued)

8 Taxation (continued)

Reconciliation of effective tax rate

	2021 £000	2020 £000
Profit for the year	1,702	1,025
Total tax expense	508	198
Profit before taxation	2,210	1,223
Tax using the UK corporation tax rate of 19% (2020: 19%)	420	232
Income not chargeable for tax purposes	-	(75)
Effect of UK rate changes	146	41
Adjustments in respect of prior periods	(58)	-
Total tax expense included in profit or loss	508	198

An increase in the UK corporate tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. As a consequence, the deferred tax liability at 30 September 2021 has been calculated at 25% (2020: 19%).

9 Investment property

	£000
At beginning of year	13,202
Additions	211
Transfers out	(37)
Disposals	-
Net movement from fair value measurement	648
Lease incentives	6
At end of year	14,030
Historical cost	
At 30 September 2021	10,582
At 30 September 2020	10,409

In the current year valuations were conducted by the Company's Directors.

Notes (continued)

10 Fixed asset investments

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

The Company has the following investments in subsidiaries:

	Country of incorporation	Class of shares held	Ownership 2021 %	Ownership 2020 %
Kings Court Kettering Management Company Limited	England and Wales	Ordinary A shares	100	100

The registered address of Kings Court Kettering Management Company Limited is the same as the Company.

11 Stocks

	2021 £000	2020 £000
Work in progress	1,751	2,290

12 Debtors

	2021 £000	2020 £000
Trade debtors	12	60
Amounts due from group undertakings	1,820	1,820
Prepayments and accrued income	188	29
	2,020	1,909

13 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	179	56
Amounts due to parent undertaking	8,682	10,453
Corporation tax	132	9
Accruals and deferred income	122	233
Other taxes and social security costs	46	7
	9,161	10,758

Notes (continued)

14 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 £000	2020 £000	2021 £000	2020 £000	2021 £000	2020 £000
Fixed assets	-	-	607	392	607	392
Tax (assets) / liabilities	-	-	607	392	607	392
Net of tax liabilities / (assets)	-	-	-	-	-	-
Net tax (assets) / liabilities	-	-	607	392	607	392

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

15 Capital and reserves

Share capital

	2021 £	2020 £
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	2	2
Shares classified in shareholders' funds	2	2

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

16 Related parties

The Company has taken advantage of the exemption in FRS 102 from disclosing transactions with other wholly owned companies in the Group.

17 Ultimate parent Company and parent Company of larger Group

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.