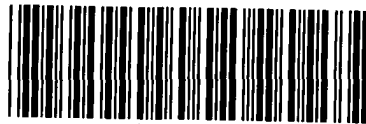


**HOWARD VENTURES LIMITED**

**Annual report and financial statements**

**For the year ended 30 September 2019**

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# **HOWARD VENTURES LIMITED**

## **Annual report and financial statements For the year ended 30 September 2019**

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# **HOWARD VENTURES LIMITED**

**Annual report and financial statements  
For the year ended 30 September 2019**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

Gavin E O Howard  
Nicholas C J Bewes  
Caroline L E M Bewes  
W John A Bullough  
Dominic J G Reilly  
A Huw Jones  
Patrick J Bushnell (Chairman)  
Dr Werner M Baumker

### **COMPANY SECRETARY**

Caroline L E M Bewes

### **REGISTERED OFFICE**

93 Regent Street  
Cambridge  
CB2 1AW  
United Kingdom

### **AUDITOR**

Deloitte LLP  
Statutory Auditor  
Cambridge  
United Kingdom

# **HOWARD VENTURES LIMITED**

## **STRATEGIC REPORT**

### **PRINCIPAL ACTIVITIES**

The principal activities of the group are commercial property development and property management and a holding company.

### **REVIEW OF BUSINESS**

For the year to September 2019, the directors are pleased to report a group turnover of £11,073,436 (2018 - £2,426,004), generating a profit before taxation for the year of £5,590,519 (2018 - £919,822). The group continues to be focused on the development and profitable trading of properties and providing management services to the Group's property portfolio

### **STRATEGIC REPORT**

The Group is focused on developing long-term partnering arrangements with landowners, contractors, institutional investors and other property owners. During the year solid progress has been made towards extending our partnerships and joint venture relationships working with other privately owned businesses and landowners, institutions and charitable organisations.

Our development group (Howard Developments) has enjoyed a strong year, completing the development of student accommodation at Batim House in Cambridge to enhance our portfolio of properties let to Cambridge Arts and Sciences Limited, one of our key development partners. It also commenced work on the development of Phase 1 of Unity Campus in Cambridge on behalf of Howard Sawston Limited.

The Group's joint venture, Howard Osborne LLP, has completed the development of Mount Pleasant Halls for St Edmund's College, Cambridge. The partnership between Howard Developments Ltd, Geoffrey Osborne Limited, Legal & General Investments and St Edmund's College was a tremendous success, winning the award for 'Collaboration of the Year' at the Property Week Student Accommodation Awards.

The Group has been able to operate without bank debt. It continues to seek high quality development projects predominantly focused in its core target markets of Cambridge, London and the Eastern region, whilst also working as development partner to enhance and improve Howard Group's core property investments.

During the year the Group also exited from the final Howard Sandcliffe investments.

The Group was delighted to welcome Dr Werner Baumker to the Board, who was appointed on 10 June 2019 as Group Director – Property. Dr Baumker has brought an energetic rigour and focus to our development activities and is leading the implementation of our new 5-year property strategic plan.

The directors consider that the level of trading activity together with the financial and operating controls that are in place are satisfactory for a group of this size and diversity.

### **RESULTS AND DIVIDENDS**

The group reported a profit for the year of £4,523,377 (2018 - £705,480) attributable to shareholders of Howard Ventures Limited.

During the year, the directors did not declare an interim dividend (2018 - £nil).

The directors do not recommend the payment of a final dividend (2018 - £nil).

### **KEY PERFORMANCES INDICATORS ("KPIs")**

Financial and non-financial KPI's are reviewed by the Board and senior management team. Progress on all development projects is reviewed by the Board on a quarterly basis. The development project pipeline is reviewed at weekly team meetings. The performance of unquoted investments is monitored through management reporting and frequent review and scrutiny at board meetings.

Where the Group owns development properties with tenants, property vacancy levels are assessed on a quarterly basis. Group cash collection and tenant covenant strength are reviewed regularly with our finance and property management teams.

## **STRATEGIC REPORT (continued)**

### **RISKS AND UNCERTAINTIES**

Risk is an integral part of any business and the Board of Directors of the company meet at least quarterly during the financial period to review Company performance, underlying performance of key investments and projects together with progress against the agreed strategy and operating plans. The Investment Committee is a sub-committee of the Board and scrutinises key investment decisions, as well as reviewing the Group's exposure to various risks on a regular basis. The role of the management team is to run the business within the agreed risk parameters and report on progress on a regular basis to both the Investment Committee and the Board. The Board comprises both independent non-executive Directors, shareholders of the company together with the Chief Executive and Finance Director. The skills balance of the Directors is regularly assessed by the Nominations Committee to ensure the right mix of experience, competence and expertise. The Group regularly reviews and amends a comprehensive risk register to ensure that it is focused on realistic and current issues - for example dealing with the political uncertainty caused by Brexit and the forthcoming negotiations with the EU in respect of future trading relationships.

The risks faced by the Group do not change markedly from year to year, however their importance and the Group's response to them vary in accordance with changes in the internal and external environments.

The key risks faced by the Group and the steps taken to mitigate these are as follows:

#### ***Financial risk***

The Board continues to review key risks and the appropriateness of the measures in place to manage these. Key Performance Indicators for each trading activity in the Group are reviewed by the Board of Directors at least quarterly including; cashflow and Internal Rates of Return expected on projects and activities.

#### ***Operational Risk***

The subsidiary Boards within the Ventures Group contain individuals who are experienced and well qualified to recommend appropriate strategies for investment and these Boards meet on a quarterly basis to review as well as identify and approve new opportunities.

There is also a continued drive towards investing in training and development of team members to ensure that they possess the appropriate skills and expertise to support the growth and development of the business, and manage risk.

#### ***Health and Safety***

Health and Safety remains a core focus for the group and its employees. A rigorous process of risk assessment for individuals as well as operating activities has been carried out to ensure that the business operates within appropriate parameters. This is reviewed on an annual basis and has become an integral part of individuals' annual review and appraisal.

#### ***People Risk***

The group is reliant upon a level of stability amongst employed management and staff and strong relationships with joint venture partners. Management development and succession planning policies are reviewed regularly by the Nominations Committee, a Board subcommittee which has the responsibility to oversee senior appointments and succession planning, together with input from specialist external advisors.

#### ***Environmental and Climate Risk***

Howard Ventures Limited recognises its responsibility in reducing the environmental impact across all business units. The Group's Environmental Policy is regularly reviewed and the directors continue to pay close attention to the environmental impact of all our activities and those of our partners, especially concerning construction projects.

Almost half of CO2 emissions in the UK are generated by buildings, according to Governmental statistics. Therefore building services and the built environment has a crucial role to play in improving environmental sustainability.

We pay close attention to the environmental effect of our activities, whether through developing environmentally sound properties or through acquiring sustainable businesses and those demonstrating a commitment to the environment. We will carry on pursuing our goal of delivering long term sustainable solutions across all our businesses and increasingly seeking to measure our effectiveness in this. We believe that this helps us to fulfil our business' purpose to improve and enrich lives through responsible investing in people, places and ideas. As we do this, we seek not only to comply with all relevant legislation but also taking a proactive approach and striving to improve our environmental performance. Furthermore, we will encourage our partners to support us in our efforts to improve performance in this area.

**STRATEGIC REPORT (continued)**

**RISKS AND UNCERTAINTIES (continued)**

***Brexit and consequences of leaving the EU***

Howard Ventures Limited has assessed the impact of leaving the EU on its key customers, suppliers and on its own business. There is a clear risk that the possible cessation of free trade agreements that have been in place for many decades could have an adverse impact on the trading of both our customers and the wider supply chains to our businesses. Many of our contractors rely on complex European supply chains to complete the significant development projects on which we work with them. There are further uncertainties around the availability of EU labour upon which we and our partners rely across the business. We owe a duty to all of our stakeholders to constantly assess these impacts, and we make plans accordingly to mitigate risks where we identify them.

***Covid-19***

The COVID19 crisis arising during 2020 has been a source of new risk for the Group, for which a thorough analysis of its impact has been made, including the revision of cash flow forecasts and extended considerations. The main impact identified has been the potential restrictions on future developments, the ability for the Group to operate under social distancing measures and cost saving measures that may be required. At this stage it is believed to have a limited effect given the cash reserves available to the Group and the cost basis. The directors will continue to monitor and adapt as the situation becomes clearer.

**SOCIAL VALUE**

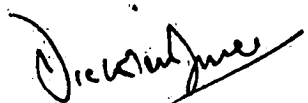
As a family-owned company, our name and our long-standing values run through everything we do. During our 85-year history we have built an enduring business by creating, nurturing and valuing lasting relationships. We create long-term, sustainable value for all our stakeholders by operating in a professional, ethical and transparent way at all times.

The value we create is not measured purely in financial terms. Our core purpose is that of improving and enriching lives, and we continually review our performance in this regard. To this end, we are committed to using sustainable methods and materials to make exceptional spaces for people to live and work in, and to make a lasting positive contribution to the communities in which we work and invest our resources.

**FUTURE DEVELOPMENTS**

The Board remains committed to a strategy of investing in and operating across a range of trading businesses and sectors. While the focus remains predominantly on commercial property development, the Group continues to seek out other commercial opportunities which deliver appropriate financial returns which are consistent with the wider group strategy.

Approved by the Board of Directors  
and signed on behalf of the Board



Nicholas C J Bewes  
Director

Date: 15<sup>th</sup> May 2020

## **DIRECTORS' REPORT**

The directors present their annual report on the affairs of the group, together with the audited financial statements and auditor's report, for the year ended 30 September 2019.

Financial risk management, future developments and dividends are discussed within the strategic report.

## **GOING CONCERN**

The directors have considered the going concern status of the Group and the Company in note 1 of the financial statements.

## **DIRECTORS**

The following directors who held office from 1 October 2018 to the date of signing this report, unless otherwise stated, were as below:

Gavin E O Howard  
Nicholas C J Bewes  
Caroline L E M Bewes  
W John A Bullough  
Dominic J G Reilly  
A Huw Jones  
Patrick J Bushnell (Chairman)  
Dr Werner M Baumker (appointed 10 June 2019)

## **DIRECTORS' INDEMNITY**

Appropriate directors' and officers' liability insurance cover is in place in respect of all the group's directors.

## **EVENTS AFTER THE BALANCE SHEET DATE**

Details of significant events since the balance sheet date are contained in note 25 to the financial statements.

## **CHARITABLE CONTRIBUTIONS**

Donations to charitable organisations amounted to £5,173 (2018 - £20,300).

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 judgments and accounting estimates that are reasonable and prudent; and
- 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 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' REPORT (continued)**

**AUDITOR**

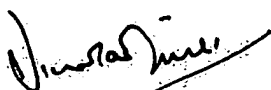
Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor.

Approved by the Board of Directors  
and signed on behalf of the Board



Nicholas C J Bewes

Director

Date: 15<sup>th</sup> May 2020



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARD VENTURES LIMITED**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Howard Ventures Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 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.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 25.

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).

#### **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 group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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 group's or the parent 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.

We have nothing to report in respect of these matters.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARD VENTURES LIMITED (continued)**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, 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 respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities 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 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.

### **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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOWARD VENTURES LIMITED (continued)**

### **Report on other legal and regulatory requirements**

#### **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 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 strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

#### **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.

*Matthew Hall*

**Matthew Hall FCA (Senior Statutory Auditor)**

**For and on behalf of Deloitte LLP**

Statutory Auditor

Cambridge, United Kingdom

Date: 18 May 2020

# HOWARD VENTURES LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2019

	Note	2019 £	2018 £
<b>TURNOVER</b>	3	11,073,436	2,426,004
Cost of sales		(7,605,122)	-
<b>GROSS PROFIT</b>		3,468,314	2,426,004
Administrative expenses		(2,839,581)	(2,658,578)
<b>OPERATING PROFIT / (LOSS)</b>	6	628,733	(232,574)
Share of profit in:			
- Joint venture	12	4,800,265	1,266,111
- Associates	12	183,762	46,539
Disposal of associates	12	(263,762)	-
Reversal of impairment in unlisted investments	12	210,000	-
Impairment of associates	12	-	(266,539)
Investment income:			
Dividends received		17,036	13,629
		5,576,034	827,166
Interest receivable and similar income	4	114,485	210,706
Interest payable and similar charges	5	(100,000)	(118,050)
<b>PROFIT BEFORE TAXATION</b>		5,590,519	919,822
Tax on profit	9	(1,067,142)	(214,342)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		4,523,377	705,480

All activities derive from continuing operations.

There are no comprehensive income or expenses other than the profit for the financial year and the preceding financial year. Accordingly, no statement of comprehensive income is given.

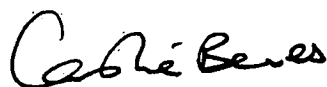
# HOWARD VENTURES LIMITED

## CONSOLIDATED BALANCE SHEET As at 30 September 2019

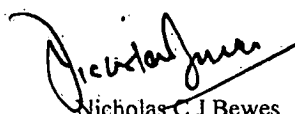
	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	11	72,570	78,820
Investments in:			
- Joint ventures	12	314,955	1,114,690
- Associates	12	-	980,000
- Other investments	12	250,000	40,000
		<u>637,525</u>	<u>2,213,510</u>
<b>CURRENT ASSETS</b>			
Stocks	13	19,774,006	7,036,633
Debtors:			
Due within one year	14	3,786,865	5,112,452
Due after more than one year	14	1,603,698	2,307,417
Cash at bank and in hand		<u>7,622,291</u>	<u>9,006,807</u>
		32,786,860	23,463,309
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(5,270,252)</u>	<u>(2,046,063)</u>
<b>NET CURRENT ASSETS</b>		<u>27,516,608</u>	<u>21,417,246</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		28,154,133	23,630,756
<b>CREDITORS: amounts falling due after more than one year</b>	16	<u>(8,053,020)</u>	<u>(8,053,020)</u>
<b>NET ASSETS</b>		<u>20,101,113</u>	<u>15,577,736</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	405,302	405,302
Share premium account	18	7,845,326	7,845,326
Profit and loss account	18	<u>11,850,485</u>	<u>7,327,108</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>20,101,113</u>	<u>15,577,736</u>

The financial statements of Howard Ventures Limited, registered number 05895937, were approved by the Board of Directors and authorised for issue on 15<sup>th</sup> May 2020

Signed on behalf of the Board of Directors



Caroline L E M Bewes  
Director



Nicholas C J Bewes  
Director

# HOWARD VENTURES LIMITED

## COMPANY BALANCE SHEET

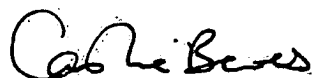
As at 30 September 2019

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Tangible assets	11	72,570	78,820
Investments in subsidiary undertakings	12	10,108,472	6,297,141
		<u>10,181,042</u>	<u>6,375,961</u>
<b>CURRENT ASSETS</b>			
Debtors	14	17,365,625	10,735,828
Cash at bank and in hand		1,911,683	8,694,107
		<u>19,277,308</u>	<u>19,429,935</u>
<b>CREDITORS: amounts falling due within one year</b>	15	<u>(2,154,878)</u>	<u>(2,346,139)</u>
<b>NET CURRENT ASSETS</b>		<u>17,122,430</u>	<u>17,083,796</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>27,303,472</u>	<u>23,459,757</u>
<b>CREDITORS: amounts falling due after more than one year</b>	16	<u>(8,053,020)</u>	<u>(8,053,020)</u>
<b>NET ASSETS</b>		<u>19,250,452</u>	<u>15,406,737</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	18	405,302	405,302
Share premium account	18	7,845,326	7,845,326
Profit and loss account	18	10,999,824	7,156,109
<b>SHAREHOLDERS' FUNDS</b>		<u>19,250,452</u>	<u>15,406,737</u>

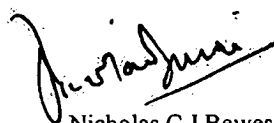
The profit for the financial year dealt with in the financial statements of the parent company was £3,843,715 (2018 - £924,085).

The financial statements of Howard Ventures Limited, registered number 05895937, were approved by the Board of Directors and authorised for issue on 15th May 2020

Signed on behalf of the Board of Directors



Caroline L E M Bewes  
Director



Nicholas C J Bewes  
Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**30 September 2019**

	<b>Called up share capital £</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 October 2017	405,302	7,845,326	6,621,628	14,872,256
Profit for the financial year	-	-	705,480	705,480
At 30 September 2018	405,302	7,845,326	7,327,108	15,577,736
Profit for the financial year	-	-	4,523,377	4,523,377
At 30 September 2019	<u>405,302</u>	<u>7,845,326</u>	<u>11,850,485</u>	<u>20,101,113</u>

## HOWARD VENTURES LIMITED

### COMPANY STATEMENT OF CHANGES IN EQUITY 30 September 2019

	<b>Called up share capital £</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
At 1 October 2017	405,302	7,845,326	6,232,024	14,482,652
Profit for the financial year	-	-	924,085	924,085
At 30 September 2018	405,302	7,845,326	7,156,109	15,406,737
Profit for the financial year	-	-	3,843,715	3,843,715
At 30 September 2019	405,302	7,845,326	10,999,824	19,250,452

At 30 September 2019 the Company's distributable reserves were £10,999,824 (2018 - £7,156,109).



**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 30 September 2019**

	<b>Note</b>	<b>2019</b> <b>£</b>	<b>2018</b> <b>£</b>
<b>Cash flows from operating activities</b>			
Cash outflow from operations	19	(6,191,813)	(9,008,154)
Tax paid		(440,012)	(667,227)
Interest paid		-	(1,475)
<b>Net cash flows from operating activities</b>		<b>(6,631,825)</b>	<b>(9,676,856)</b>
<b>Cash flows from investing activities</b>			
Interest received		18,201	66,589
Payments to acquire tangible fixed assets		(13,928)	(16,849)
Repayment of loans from associated company		-	1,250,000
Repayment of loans provided to associates		-	550,000
Distributions from joint venture		5,600,000	1,420,000
Proceeds from sale of associate investments		200,000	50,000
<b>Net cash flows from investing activities</b>		<b>5,804,273</b>	<b>3,319,740</b>
<b>Cash flows from financing activities</b>			
Repayment of loan drawdown		(474,000)	(1,126,012)
Dividends received		17,036	13,629
Dividend paid on preference shares		(100,000)	(116,575)
<b>Net cash flows from financing activities</b>		<b>(556,964)</b>	<b>(1,228,958)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,384,516)</b>	<b>(7,586,074)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>9,006,807</b>	<b>16,592,881</b>
<b>Cash and cash equivalents at end of year</b>		<b>7,622,291</b>	<b>9,006,807</b>

Cash and cash equivalents represents cash at bank and in hand. All cash amounts are available for use.

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 30 September 2019**

### **1. ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have been applied consistently throughout the year and preceding year.

#### **General information and basis of accounting**

Howard Ventures Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales under the Companies Act 2006. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 4.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Howard Ventures Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Howard Ventures Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate company only financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

#### **Basis of consolidation**

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 30 September each year. A subsidiary undertaking is deemed to be a company under the control of Howard Ventures Limited. Profits or losses on intra-group transactions are eliminated in full.

The profits and losses of subsidiary undertakings are consolidated from the date of acquisition to the date of disposal. When the company's shares are issued in respect of an acquisition, the share premium is computed on the basis of the fair value of the consideration received at the date of acquisition. Any difference between the cost of acquisition of shares in the subsidiary undertaking and the fair value of the separable net assets is considered to represent goodwill.

#### **Going concern**

After making enquiries, the directors have a reasonable expectation that the company and Group have adequate resources to continue in operational existence for the foreseeable future.

The directors have considered the financial position of the company and group, including the need for any impairment in relation to fixed asset investments and work in progress, and believe that the company and group are well placed to manage its business risks successfully. In addition to the considerations above, the directors have assessed the ongoing Covid-19 pandemic, and believe the company has the necessary resources to overcome any potential downturns in business as a result of the pandemic. At the point of the going concern assessment, the Group has no development projects ongoing and thus has the necessary cash reserves to cover costs for at least the next 12 months from signing of the financial statements.

After making enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the financial statements

#### **Participating interests**

A participating interest is an interest of a member of the group in the shares of another undertaking. This interest is held on a long-term basis in order to secure a contribution to its activities by the exercise of control of influence arising from or related to that interest. A holding of 20% or more of the shares of an undertaking is normally presumed to be a participating interest.

#### **Associated undertakings**

Undertakings other than subsidiary undertakings, in which the group has an investment representing at least 20% of the voting rights and over which it exerts significant influence are treated as associated undertakings.

The group's shares of the profits less losses and other recognised gains and losses of the associated undertakings are included in the consolidated profit and loss account and consolidated statement of comprehensive income, respectively.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2019**

**1. ACCOUNTING POLICIES (continued)**

**Associated undertakings (continued)**

Where audited financial statements are not coterminous with those of the group, the share of profits less losses of the associated undertakings has been arrived at from the last audited financial statements available or management accounts if the relevant period end is not within 3 months of 30 September.

The consolidated balance sheet includes the investment in the associated undertakings of the group's share of net assets and the premium paid less any discount on the acquisition of the interest insofar as it has not already been written off or amortised.

The company balance sheet shows the investment in the associated undertakings at cost less amounts written off.

**Joint ventures**

In the group financial statements investments in joint ventures are accounted for using the gross equity method.

The consolidated profit and loss account includes the group's share of joint ventures' profit less losses while the group's share of net assets are shown in the consolidated balance sheet.

**Investments**

Investments in subsidiaries and associates are initially recognised at their fair value and are subsequently carried at cost less provision for any impairments. Impairment losses and any profits and losses arising on the disposal of investments are recognised in the profit and loss account, unless the diminution in value is considered to be temporary.

Other investments held as fixed assets are held at cost less provision for impairment.

Loans to associates are treated as investments on the basis they are provided as long term funds to participants.

**Impairment**

Impairment loss is recognised when a difference arises between the asset's carrying amount and the best estimate of the recoverable value. The recoverable amount is the higher of its fair value less costs to sell and its value in use.

**Turnover**

Turnover comprises of property and development management services, consultancy, insurance & service charge income and interest receivable on loans external to the group. Turnover is excluding value added tax, generated in the ordinary course of the company's business and is not attributable to any markets outside of the United Kingdom.

Property and development management services and consultancy income are recognised in the month the services are provided, and are accrued if invoiced post the period end date. The company applied a cost plus ten percent basis on the charge of staff and associated overheads included within property and development management services income.

Insurance and service charge income arises from the provision of additional services to tenants of leased properties. Income is invoiced on a quarterly basis but is recognised in the profit and loss account in line with the associated costs, and at the year end any invoicing shortfall or excess is recognised as accrued or deferred income as necessary.

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Investment income comprises of dividends receivable by the group, which were declared during the accounting period.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2019**

**1. ACCOUNTING POLICIES (continued)**

**Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost less depreciation and any provision for impairment.

Depreciation is calculated to write down the cost of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Fixtures and fittings      20% - 33% straight line

No depreciation is charged on investment assets.

**Stocks**

Developed properties held for resale and development work in progress are included at the lower of cost and net realisable value. Development costs incurred prior to obtaining planning permission are charged to the profit and loss account on the basis of the inherently risky nature of the project at least up to this period. All further development costs are capitalised within work in progress. Provision is made for all foreseeable losses.

**Taxation**

Current 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.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no intention to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Leases**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

**Contributions to pension fund**

The pension costs charged against profits represent the amount of the contributions payable to the defined contribution scheme in respect of the year.

**Financial instruments**

Financial instruments are classified and accounted for according to the substance of the contractual arrangements as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the net assets of the company.

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Preference shares are classified and accounted for in accordance to the contractual obligation to deliver cash. Where preference shares are redeemable at the call of the holder, but after more than one year from the balance sheet date, they are treated as a long term liability.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2019**

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The directors believe there are no significant judgements in accounting policies within the financial statements.

**Investments**

The directors consider a key source of estimation uncertainty to relate to the carrying value of the Group's and Company's investments. In estimating the requirement for impairment of these investments, management make assumptions and judgements on the value of these investments using inherently subjective underlying asset valuations.

**Inventory**

The valuation of the Group's work in progress is inherently subjective. Assumptions are made with regards to sales value in an open market, external market conditions and potential future revenue streams or value in use. The directors believe the market value of working progress held to be in excess of the book value and therefore no impairment is required.

**3. TURNOVER**

An analysis of the Group's revenue is as follows:

	2019 £	2018 £
Consultancy income	245,440	200,000
Rental income	558,096	291,790
Service charge and other recharged income	205,728	230,426
Development management income	8,515,171	317,126
Property management and related services	1,549,001	1,383,069
Income derived from investments in associates	-	3,593
	<hr/>	<hr/>
Total revenue	11,073,436	2,426,004
	<hr/>	<hr/>

Turnover is derived from operations within the United Kingdom.

**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2019 £	2018 £
Bank interest	18,201	66,589
Interest receivable on associated company borrowings	-	15,753
Unwinding of discount on deferred considerations	96,284	128,364
	<hr/>	<hr/>
	114,485	210,706
	<hr/>	<hr/>

**HOWARD VENTURES LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2019****5. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Bank interest	-	1,475
Preference share dividend	100,000	116,575
	<u>100,000</u>	<u>118,050</u>

**6. OPERATING PROFIT / (LOSS)**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Operating profit / (loss) is stated after (crediting)/charging</b>		
Auditor's remuneration		
Audit fee – audit of the financial statements	34,716	32,493
Audit fee – audit of the financial statements – company only	14,571	9,676
Tax compliance services	16,523	15,856
Depreciation of tangible fixed assets	6,250	15,772
Rents received from operating leases	(558,096)	(291,790)
Operating lease rentals – property rental	55,000	55,000
	<u>55,000</u>	<u>55,000</u>

**7. STAFF COSTS**

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed by the group during the year:</b>		
Management	4	4
Administration	12	14
	<u>16</u>	<u>18</u>
<b>Staff costs incurred during the year in respect of these employees were:</b>	<b>£</b>	<b>£</b>
Wages and salaries	734,295	910,885
Social security costs	90,612	110,019
Pension and other costs	23,379	23,109
	<u>848,286</u>	<u>1,044,013</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2019**

**8. DIRECTORS' REMUNERATION**

Remuneration in respect of directors was as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Emoluments including directors' fees	474,314	449,547
Contributions to money purchase pension schemes	33,139	9,191
	<u>507,453</u>	<u>458,738</u>

During the year 4 directors (2018 - 4) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Emoluments including directors' fees	217,237	240,535
Contributions to money purchase pension schemes	12,083	5,625
	<u>229,320</u>	<u>246,160</u>

All staff costs (including directors' remuneration) are borne by Howard Ventures Limited. A proportion of these costs are then recharged to Howard Investment Company Limited, a company with common shareholders as per note 24.

**9. TAX ON PROFIT**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
United Kingdom corporation tax for the year	1,076,916	234,097
Adjustment in respect of prior years	(9,774)	(19,755)
Total current tax charge	<u>1,067,142</u>	<u>214,342</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2019**

**9. TAX ON PROFIT (continued)**

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19% (2018 - 19%). The current tax charge for the year and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation:

	2019 £	2018 £
Profit before tax	5,590,519	919,822
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	1,062,199	174,766
Factors affecting charge for the year:		
Income not taxable	(43,137)	(2,590)
Capital allowances in excess of depreciation	-	(15,981)
Expenses not deductible for tax purposes	27,569	36,102
Associates	32,490	41,800
Adjustment in respect of prior years	(9,774)	(19,755)
Movement in unprovided deferred tax	(371)	-
Rollover relief	(1,834)	-
Total actual amount of tax	1,067,142	214,342

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted by the balance sheet date being 20% with effect from 1 April 2015, 19% effective from 1 April 2017 and 17% effective from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17%, on the basis that this is the rate at which those assets and liabilities are expected to unwind.

**Deferred tax asset**

At 30 September 2019 there is a consolidated unprovided deferred tax asset of £2,662 (2018 - £2,291) (company £2,317 (2018 - £2,291)) in relation to unutilised tax losses carried forward. This is unprovided as, in the opinion of the directors, the timing of the utilisation of the losses is uncertain.

**10. PROFIT FOR THE FINANCIAL YEAR**

As permitted by Section 408 of the Companies Act 2006 no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company. The profit attributable to the company is disclosed in the footnote to the company's balance sheet.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2019**

**11. TANGIBLE FIXED ASSETS**

<b>Group and Company</b>	<b>Investment assets £</b>	<b>Fixtures and fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 October 2018	40,046	171,997	212,043
Additions	-	13,928	13,928
At 30 September 2019	40,046	185,925	225,971
<b>Depreciation</b>			
At 1 October 2018	4,206	129,017	133,223
Charge for the year	-	20,178	20,178
At 30 September 2019	4,206	149,195	153,401
<b>Net book value</b>			
At 30 September 2019	35,840	36,730	72,570
At 30 September 2018	35,840	42,980	78,820

**12. INVESTMENTS HELD AS FIXED ASSETS**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Subsidiary undertakings	-	-	10,108,472	6,297,141
Joint ventures	314,955	1,114,690	-	-
Associates	-	980,000	-	-
Other investments	250,000	40,000	-	-
	564,955	2,134,690	10,108,472	6,297,141

**Company - Shares in subsidiary undertakings**

	<b>£</b>
<b>Cost</b>	
At 1 October 2018 and 30 September 2019	14,479,201
<b>Provision for impairment</b>	
At 1 October 2018	8,182,060
Reversal of impairment	(3,811,331)
At 30 September 2019	4,370,729
<b>Net book value</b>	
At 30 September 2019	10,108,472
At 30 September 2018	6,297,141

## HOWARD VENTURES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2019

#### 12. INVESTMENTS HELD AS FIXED ASSETS (continued)

The parent company and the group have investments in the following subsidiary undertakings, associates, joint ventures and other investments. All of the following companies are incorporated in England and Wales and all shareholdings are in £1 ordinary shares.

Subsidiary undertakings	Principal activity
Howard Equity Holdings Limited	Acquisition and active management of unquoted companies and holding company
Howard Property Services Limited	Property management services
Howard Developments Limited	Property development and development management
HPG Stortford Limited*	Property development - liquidated 9 November 2018
HPG Bedford Limited*	Property development
Beaumont Sawston Limited*	Property development
CAEC Howard Limited *	Property development
HPG Developments Limited*	Property development
HPG Gonville Limited*	Property development

\* The companies indicated are owned indirectly.

100% of the share capital is owned directly or indirectly, in relation to the subsidiary undertakings above.

The registered address of all subsidiary undertakings is 93 Regent Street, Cambridge, CB2 1AW with the exception of HPG Stortford Limited whose registered address is First Floor, 24 High Street, Maynards, Whittlesford, Cambridge, CB22 4LT.

Joint Ventures	Holding %	Principal Activity
Howard Osborne LLP	50%	Property development

The registered address of Howard Osborne LLP is 93 Regent Street, Cambridge, CB2 1AW. The company is a limited liability partnership.

Group	Joint ventures £
At 1 October 2018	1,114,690
Share of retained profit for the year	4,800,265
Distribution of profit	(5,600,000)
At 30 September 2019	<u>314,955</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2019**

**12. INVESTMENTS HELD AS FIXED ASSETS (continued)**

**Group – Associates**

	£	£
<b>Interests in associates</b>		
Cost at 1 October 2018		109,020
Disposal		(109,020)
		<hr/>
At 30 September 2019		-
<b>Loans to associates</b>		
Cost at 1 October 2018	700,000	
Reclassification of loan (note 14)	(700,000)	
	<hr/>	
At 30 September 2019		-
<b>Group's share of post acquisition reserves</b>		
At 1 October 2018	1,032,462	
Share of retained profits for the year	183,762	
Disposal	(1,216,224)	
	<hr/>	
At 30 September 2019		-
<b>Impairment</b>		
Provision at 1 October 2018	(861,482)	
Disposal	861,482	
	<hr/>	
At 30 September 2019		-
		<hr/>
Investment in associates at 30 September 2019		-
		<hr/>

All of the associated undertakings have been consolidated in the group financial statements using the equity method.

At 30 September 2019, the investments in associates have been impaired by £nil (2018 - £266,539). The balance has been impaired to reflect the directors' view of the fair value. During the year, the investment in Howard Sandcliffe Investments 6 Limited was disposed of for a consideration of £200,000. The cost of the investment was £109,020. As a result of the share of post acquisition reserves and impairment noted above, a total loss on disposal of £263,762 (2018 - £nil) was recognised.

**Unlisted investments**

Company	Holding %	Principal activity	Cost of investment	Impairments to 30 September 2019	Net Book Value
IX Group Plc	18.921%	Market research	£250,000	-	£250,000
Waste Management Systems Limited	3.2%	Waste logistics service	£617,345	(£617,345)	-

The registered address for IX Group Plc is Unit 15a, Meadway Court, Rutherford Close, Stevenage, SG1 2EF.

The registered address for Waste Management Systems Limited is Templars House, Lulworth Close, Chandlers Ford, Hampshire, SO53 3TL.

The company holds 1,219,363 'A' ordinary shares of 10p each in Waste Management Systems Limited. The company holds 626,758 'B' ordinary shares and 224,363 'C' ordinary shares of 1p each in iX Group Plc. All associates and other investments are owned by Howard Equity Holdings Limited.

# HOWARD VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2019

### 12. INVESTMENTS HELD AS FIXED ASSETS (continued)

	Unlisted investments £
<b>Cost</b>	
At 1 October 2018 and 30 September 2018	867,345
<b>Provisions for impairment</b>	
Provision at 1 October 2018	827,345
Reversal of impairment	(210,000)
At 30 September 2019	617,345
<b>Net book value</b>	
At 30 September 2019	250,000
At 30 September 2018	40,000

### 13. STOCKS

	Group 2019 £	2018 £
Work in progress	19,774,006	7,036,633

### 14. DEBTORS

	Group 2019 £	2018 £	Company 2019 £	2018 £
<b>Amounts falling due within one year:</b>				
Trade debtors	764,144	580,207	914,501	734,152
Deferred consideration	1,403,717	1,103,717	-	-
Amounts owed by group undertakings	-	-	16,426,020	9,964,004
Other debtors	1,595,055	3,389,531	1,155	1,158
Prepayments and accrued income	23,949	38,997	23,949	36,514
	<u>3,786,865</u>	<u>5,112,452</u>	<u>17,365,625</u>	<u>10,735,828</u>
<b>Amounts falling due after more than one year:</b>				
Deferred consideration	<u>1,603,698</u>	<u>2,307,417</u>	<u>-</u>	<u>-</u>

The deferred consideration is in respect of the sale of development property during the year ended 30 September 2016 as well as in respect of the sale of the investment in Howard Sandcliffe Investments 6 Limited during 2019. The balance due on the investment is payable over the course of 3 years, with equal instalments of £25,000 due per month.

The consideration on the sale of development property is receivable in stages with the amounts being discounted at a rate of 3%, which is deemed to be indicative of a market rate of interest at the date of acquisition. At the year end the undiscounted outstanding balance is £2,400,000 (2018 - £3,600,000).

Amounts owed by group undertakings are repayable on demand and no interest accrued on these balances. Amounts owed by group undertakings are not secured against any asset.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2019**

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Shareholder loan	398,551	872,551	398,551	872,551
Trade creditors	3,112,479	106,028	22,584	24,189
Amounts owed to group undertakings	-	-	990,385	778,275
Corporation tax	862,049	234,919	39,199	31,872
Other taxation and social security	53,613	97,431	134,933	98,721
Other creditors	108,538	-	-	-
Accruals and deferred income	735,022	735,134	569,226	540,531
	<u>5,270,252</u>	<u>2,046,063</u>	<u>2,154,878</u>	<u>2,346,139</u>

On 8 March 2016 a loan was obtained from the shareholders. The shareholder loan is interest free and is repayable on demand.

Amounts owed to group undertakings are repayable on demand and no interest accrued on these balances. Amounts owed to group undertakings are not secured against any asset.

**16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Redeemable preference shares	4,000,000	4,000,000	4,000,000	4,000,000
'A' redeemable preference shares	4,053,020	4,053,020	4,053,020	4,053,020
	<u>8,053,020</u>	<u>8,053,020</u>	<u>8,053,020</u>	<u>8,053,020</u>

The redeemable preference shares carry an entitlement to a cumulative dividend at the rate of 2.5p per share per annum, payable biannually on 31 March and 30 September. Preference shares are repayable at the request of the holder. This is subject to the right of the directors not to redeem all or any such shares. No amount is deemed to be repayable within 12 months of the balance sheet date.

The 'A' redeemable preference shares do not carry an entitlement to a dividend however they grant the holder the right, at all times, to redeem the nominal value of the shares at the holder's request. This is subject to the right of the directors not to redeem all or any such shares. No amount is deemed to be repayable within 12 months of the balance sheet date.

# HOWARD VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2019

### 17. ANALYSIS AND RECONCILIATION OF NET FUNDS

	At 1 October 2018 £	Cash flow £	At 30 September 2019 £
Cash and cash equivalents	9,006,807	(1,384,516)	7,622,291
Debt due within 1 year	(872,551)	474,000	(398,551)
Net funds	<u>8,134,256</u>	<u>(910,516)</u>	<u>7,223,740</u>
		<b>2018 £</b>	<b>2019 £</b>
Change in net fund resulting from cash flows		(6,460,062)	(910,516)
Movement in net funds in the year		(6,460,062)	(910,516)
Net funds as at 1 October 2018		<u>14,594,318</u>	<u>8,134,256</u>
Net funds as at 30 September 2019		<u>8,134,256</u>	<u>7,223,740</u>

### 18. CALLED UP SHARE CAPITAL AND RESERVES

	2019 £	2018 £
<b>Called up, allotted and fully paid</b>		
405,302 ordinary shares of £1 each	405,302	405,302
4,000,000 redeemable preference shares of £1 each (note 16)	4,000,000	4,000,000
4,053,020 'A' redeemable preference shares of £1 each (note 16)	<u>4,053,020</u>	<u>4,053,020</u>

The entity is a private company and is limited by shares.

The Company has one class of ordinary shares with no right to fixed income. Each share contains a voting right.

The redeemable preference shares are presented as a liability (see note 16) and accordingly are excluded from called-up share capital on the balance sheet. The redeemable preference shares carry an entitlement to a cumulative dividend at the rate of 2.5p per share per annum, payable biannually on 31 March and 30 September. Preference shares are repayable at the request of the holder. This is subject to the right of the directors not to redeem all or any such shares upon the basis of insufficient distributable reserves, otherwise the holders may redeem. No amount is deemed to be repayable within 12 months of the balance sheet date. The 'A' redeemable preference shares do not carry an entitlement to a dividend however they grant the holder the right, at all times, to redeem the nominal value of the shares at the holder's request. This is subject to the right of the directors not to redeem all or any such shares upon the basis of insufficient distributable reserves, otherwise the holders may redeem. No amount is deemed to be repayable within 12 months of the balance sheet date.

The group's and company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares net of issue expenses.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2019**

**19. RECONCILIATION OF OPERATING PROFIT / (LOSS) TO NET CASH FLOW FROM OPERATIONS**

	2019 £	2018 £
Operating profit/ (loss)	628,733	(232,574)
Adjustment for:		
Depreciation of tangible fixed assets	20,178	15,772
Operating cash flow before movement in working capital	648,911	(216,802)
Increase in stocks	(12,737,373)	(7,036,632)
Decrease/(increase) in debtors	2,825,592	(1,705,399)
Increase/(decrease) in creditors	3,071,057	(49,321)
<b>Cash outflow from operations</b>	<b>(6,191,813)</b>	<b>(9,008,154)</b>

**20. FINANCIAL COMMITMENTS**

At the current year end the group and company occupied its premises under a tenancy at will.

**21. PENSIONS**

The group operates a defined contribution pension scheme for the benefit of certain employees. The assets of the scheme are administered by trustees in a fund independent from those of the group.

The pension cost charge represents contributions payable by the group to the fund and amounted to £667 (2018 - £8,000). As at 30 September 2019 contributions of £nil (2018 - £7,392) due in respect of the current year had not been paid over to schemes.

**22. OPERATING LEASE COMMITMENTS**

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2019 £	2018 £
Within one year	560,001	-
In the second to fifth years inclusive	1,615,483	-
After more than five years	5,203,170	-
	<b>7,378,654</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2019**

**23. RELATED PARTY TRANSACTIONS**

During the year Howard Property Services Limited raised invoices to entities with common shareholders, totalling £534,603 (2018 - £432,699) for the provision of property services.

	2019		2018	
	Invoiced £	Outstanding £	Invoiced £	Outstanding £
Beaumont Sawston Limited	-	-	956	1,148
Howard Bedford Limited	68,169	-	34,597	9,597
Howard Grove Limited	3,423	-	3,009	825
Howard Haverhill Limited	22,424	-	22,053	6,316
Howard Investment Company Limited	55,000	33,378	30,523	16,500
Howard Langford Limited	25,725	-	41,011	26,068
Howard Lewisham Limited	156,819	-	126,080	36,538
Howard Osborne LLP	15,000	-	5,657	-
Howard Property Limited	4,368	-	3,000	-
Howard Regent Limited	57,180	4,998	1,944	-
Howard Sawston Limited	126,495	-	82,285	19,132
Howard Silbury Limited	-	-	27,500	-
Howard Stansted Limited	-	-	51,990	-
Howard Cambridge Limited	-	-	1,890	-
Howard Residential Limited	-	-	204	-
	<u>534,603</u>	<u>38,376</u>	<u>432,699</u>	<u>116,124</u>

During the year, Howard Investments Limited repaid £nil (2018 - £1,250,000) in respect of the arm's length loan facility with Howard Ventures Limited. At the year end, the amount due was £nil (2018 - £nil). Interest of £nil (2018 - £15,753) was charged on the loan during the year, of which £nil (2018 - £nil) was outstanding at the year end.

During the year, Howard Ventures Limited repaid £470,000 (2018 - £1,126,012) in respect of the loan facility provided by its shareholders. At the year end, a total of £398,551 (2018 - £872,551) was due. The shareholder loan is interest free and is repayable on demand.

During the year Howard Ventures Limited raised invoices to entities with common shareholders, totalling £2,816,002 (2018 - £2,651,440) in respect of staff and associated overheads.

	2019		2018	
	Invoiced £	Outstanding £	Invoiced £	Outstanding £
Howard Developments Limited	985,600	290,692	933,500	231,048
Howard Property Services Limited	422,400	124,582	398,064	99,021
Howard Investments Limited	1,408,002	498,330	1,319,876	396,083
	<u>2,816,002</u>	<u>913,604</u>	<u>2,651,440</u>	<u>726,152</u>

At 30 September 2019, the amount outstanding from Howard Investments Limited was held within trade debtors (note 14).



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**For the year ended 30 September 2019**

**23. RELATED PARTY TRANSACTIONS (continued)**

At 30 September 2019, £2,400,000 (2018 - £3,600,000) remains outstanding due to of the sale of a development property during 2016 to Howard Sawston Limited, a company under common control. The balance due is payable over the course of 5 years, with annual instalments of £1,200,000 due. The debt is not secured. The total amount outstanding after taking into account the impact of discounting is £2,307,415 (2018 - £3,411,134).

Howard Developments Limited raised invoices totalling £245,440 (2018 - £200,000) during the year for professional services provided to Howard Investment Company Limited, a company with common shareholders. At 30 September 2019, an amount of £74,880 (2018 - £nil) was outstanding.

During the year Howard Ventures Limited raised invoices to Howard Sandcliffe subsidiary undertakings of £nil (2018 - £6,667) for the provision of management services. At 30 September 2019, an amount of £nil (2018 - £8,000) was outstanding.

During the year, Howard Ventures Limited paid rent of £55,000 (2018 - £55,000) to Howard Grove Limited, a company with common shareholders. At 30 September 2019 and 2018, there were no amounts outstanding.

The Group has made loans to associates and certain joint ventures for which the advances and outstanding amounts are detailed by entity in note 12.

During the year, Howard Equity Holdings Limited wrote off bad debts relating to Howard Sandcliffe subsidiary undertakings of £nil (2018 - £25,202).

At 30 September 2019, an amount of £nil (2018 - £220,000) was outstanding in relation to the loan to Howard Sandcliffe Investments 6. The loan incurred no interest in the current or prior year, and was fully repayable on demand.

**24. CONTROLLING PARTY**

Howard Ventures Limited is not deemed to be under the control of any individual, by virtue of the issued share capital of the company owned and controlled by a number of director-shareholders.

**25. SUBSEQUENT EVENTS**

The emergence of the COVID-19 coronavirus in 2020 has had a significant impact on economies and resulted in severe restrictions of movement of people across the United Kingdom. It is likely that that this could impact the Group's ability to fully realise its assets and/or the level of rent receipts.

The impact of COVID-19 has been considered while preparing these financial statements and at this time, it has not been possible to quantify any impact on the carrying values within these financial statements. It has been considered as a non-adjusting post balance sheet event. The company will look to continue to monitor the future impact closely.