

Company Registration No. 05895937

HOWARD VENTURES LIMITED

Annual report and financial statements

For the year ended 30 September 2022

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HOWARD VENTURES LIMITED

Annual report and financial statements For the year ended 30 September 2022

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HOWARD VENTURES LIMITED

**Annual report and financial statements
For the year ended 30 September 2022**

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Caroline L E M Bewes
Nicholas C J Bewes
Gavin E O Howard
Andrew J Hynard
Richard J Meakin
Dominic J G Reilly
Sian L Steele (Chairman)

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 (continued)

PRINCIPAL ACTIVITIES

The principal activities of the Group are commercial property development and property management, and the Company is a holding company.

PERFORMANCE OF THE BUSINESS

For the year to September 2022, the Directors are pleased to report a Group turnover of £10,744,980 (2021 - £5,157,219), generating a profit before taxation for the year of £1,191,328 (2021 - £52,149).

REVIEW OF THE BUSINESS

Building resilience into our business model and a focus on key priorities were essential during the year as the Group prepared to commit to its most significant development project to date against a background of political volatility and economic uncertainty, reflected in the rise in inflation and the cost of borrowing. The Group's strategy continued to be aligned with its Centenary Vision, launched in 2021, which unites the three strands of the Group's purpose – People, Planet and Performance – providing a framework to ensure that all strategic decisions are economically, socially and environmentally responsible. We believe this will bring resilience to our business model and will help us achieve our purpose, which is to improve and enrich lives through responsible investing in people, places and ideas.

The three strategic objectives for the year were unchanged from 2021. First, to ensure an equipped and motivated team. Second, to progress the Group's development projects, and third, to build a pipeline of opportunities. A number of priorities for the year were identified for each of the strategic objectives, progress against which were monitored throughout the year. Progress for the year can be assessed through the three strands of the Centenary Vision:

Economically responsible

The development of Phase 2 at Unity Campus Phase 2 in Sawston, on behalf of Howard Sawston Limited, was the Group's primary focus. The preliminary works were completed during the year and the main construction works commenced in September 2022, following the agreement of a fixed price contract with Morgan Sindall Construction. Simultaneously, a contract was agreed with the customer on a "cost plus" basis. Turnover from Unity Campus Phase 2 of £7.0m was recognised in the year to 30 September 2022. In other activity, the Group received proceeds of £1.4m from the sale of Myers Hall in Cambridge and £1.2m as its investment in IX Group Limited was realised.

The Group retained sufficient cash balances at the year end and had no third party debt. Rent collection remains strong and the Group will continue to look for opportunities to recycle capital through the sale of development properties.

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.

Socially responsible

As a family-owned Group, the family's name and our long-standing values run through everything we do. During our 88-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. This also has a strong bearing on choosing which businesses we partner with, invest in and support.

An equipped team is essential to the success of our business. To this end, we have made a number of critical appointments in the year to the Property team, principally to ensure a successful delivery of Unity Campus Phase 2. A hybrid working pattern is currently in operation and a social committee has been set up to arrange regular team events.

The contract with Morgan Sindall at Unity Campus included a provision for the employment of apprentices on the construction site through the FutureIN programme, which engages young people at risk of homelessness.

HOWARD VENTURES LIMITED

STRATEGIC REPORT (continued)

Socially responsible (continued)

There have been a number of changes to the Board during the year and since the year end. As reported last year, John Bullough retired after 10 years as a Director in November 2021. Patrick Bushnell, stepped down as Chair after nine years in July 2022 and retired from the Board in November 2022, having served 13 years as a Director. The Board are grateful to both John and Patrick for their outstanding commitment and contribution to the Group, and for the crucial role they played in leading the organisation through a period of significant change and growth. Sian Steele took up the position of Board Chair in July 2022, having served almost two years as a Director.

In February 2023, after four and a half years' service, Werner Baumker left the Group. In his position as a Director and Head of Property, Werner was instrumental in shaping and delivering the Group's property strategy. The Board are grateful for his leadership, dedication and service. Finally, Andrew Hynard joined the Board as a Director in March 2023. Andrew is an industry-leading UK real estate capital markets professional with 40 years' experience at major international advisory and property firms.

Environmentally responsible

The design and construction of Unity Campus Phase 2 has presented the Group with the opportunity to prioritise environmental and sustainability considerations. The initial design adopted a "fabric first" approach to enhance the passive design elements. This has resulted in an enhanced air tightness regime, far exceeding Building Regulations requirements. The strategy for the remediation work has maximised the re-use of materials, with all crushed aggregate being recycled. This approach also has the benefit of reducing construction traffic. Enhanced biodiversity has been achieved by the introduction of wildflower meadows and extensive on-site water attenuation. The BREEAM target has been increased from the defined planning requirement of 'very good' to 'excellent'.

RESULTS AND DIVIDENDS

The Group reported a profit for the year of £966,942 (2021 - £63,261) attributable to shareholders of Howard Ventures Limited. During the year, the Directors did not declare an interim dividend (2021- £nil) and prior to signing these financial statements have not recommended the payment of a final dividend (2021 - £nil).

KEY PERFORMANCES INDICATORS ("KPIs")

Financial and non-financial KPIs 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 was 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. At the year end there were no voids (2021 – nil voids). Group cash collection and tenant covenant strength are reviewed regularly with our finance and property management teams. As at 30 September 2022, there were no tenant arrears (2021 – nil).

During the year, the Energy Performance Certificates (EPC) for the development properties occupied by tenants were included in the Group's KPIs. At 30 September 2022, all units had an EPC rating between A and C.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk is an integral part of any business and the Board of Directors of the Company met at least quarterly during the financial year to review Group performance, the underlying performance of key investments and projects, together with progress against the Centenary Vision and key annual priorities. 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 and shareholders of the company, together with the Chief Executive, Finance Director and Property 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 the realistic and current issues that could impact whether objectives are met. For example, in the year under review, the impact of rising inflation and interest rates on the Group were assessed as high and strategies implemented to mitigate their potential impact.

HOWARD VENTURES LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

The principal 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. KPIs for each trading activity in the Group are reviewed by the Board of Directors at least quarterly, including cash flow and Internal Rates of Return expected on projects and activities. Rising inflation in the UK could impact the Group through the erosion of asset values and the value of cash held in real terms and through the reduction of development profits as the construction costs increase.

The Group's main exposure to inflation in the year was through construction costs at Unity Campus Phase 2. Prior to committing to the project, the appraisal was regularly updated with advice from third party experts, and the expected returns monitored to ensure they remained acceptable. A fixed price contract was agreed with Morgan Sindall, thereby protecting the Group against future cost inflation. In addition, the contract with the customer is on a "cost plus" basis. The appraisals for the Group's other potential development projects have been updated during the year to reflect expected construction costs. The risk of rising interest risks on the Group will be limited due to the absence of third party debt.

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.

Risk around the delivery of development projects increased in the year with the commitment to Unity Campus Phase 2, with the potential for issues such as those associated with the supply chain (e.g. sub-contractor and contractor default and material shortages) and a deterioration in leasing conditions. The Directors believe the level of risk in this area is acceptable due to various mitigating actions, such as working with reputable contractors and sub-contractors, which are paid in a timely manner, ensuring materials are ordered well in advance where possible, and through the terms of the contract with the customer.

The Board monitors the risk of cyber attacks and has sought to mitigate this risk through a number of actions. These include working with an experienced third party IT provider and staff training. In addition, an IT Steering Committee has been established, which ensures the Group's IT strategy is enacted.

Health and Safety

Health and safety remains a core focus for the Group and its employees. A rigorous process of risk assessment is in place and reviewed on an annual basis. Appropriate specialist consultants are employed in specific areas to help ensure compliance and effective management; these arrangements are regularly reviewed. In addition, health and safety considerations are an integral part of individual employees' annual review and appraisals.

People Risk

An equipped team is one of the Group's key priorities and critical to the delivery of its strategy. The Group has benefitted from 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. The health and wellbeing of employees is very important to the Group and a number of schemes have been put in place in recent years to encourage this. These include free gym membership, employee assistance programmes (EAP), a cycle scheme, the creation of a social committee, and the introduction of agile working arrangements.

HOWARD VENTURES LIMITED

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Environmental and Climate Risk

Almost half of CO2 emissions in the UK are generated by buildings, according to Governmental statistics. Therefore, building services and the built environment have crucial roles to play in improving environmental sustainability. The Group recognises its responsibility in reducing 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 effects of the Group's activities, and those of our chosen partners, particularly when refurbishing or redeveloping properties, by taking a proactive and responsible approach to improving environmental performance.


Guided by our Centenary Vision, we will carry on pursuing our goal of delivering long-term sustainable solutions across our portfolio, to reduce the environmental impact across the life cycle of our properties. As outlined above regarding the construction of Unity Campus, a proactive approach is being taken, not just one that seeks to comply with all relevant legislation.

The Energy Performance Certificates (EPCs) for the properties held by the Group are monitored as a KPI, not only in recognition of the risk of obsolescence and the damage to reputation from buildings that may not meet increasing stringent regulations, but because of the opportunity to meet demand from potential occupiers and purchasers, who are increasingly environmentally conscious.

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 that deliver appropriate financial returns and 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: 19th APRIL 2023

HOWARD VENTURES LIMITED

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 2022.

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

GOING CONCERN

The Directors have considered the financial position of the Company and Group, including the need for any impairment in relation to debtors and work in progress, and believe that the Company and Group are well placed to manage their business risks successfully. In addition, the Directors consider that the terms of the construction contract and development agreement at Unity Campus Phase 2 have largely mitigated the risks associated with the scheme. Therefore, they believe the Group has, or will generate, 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.

DIRECTORS

The following Directors who held office from 1 October 2021 to the date of signing this report, unless otherwise stated, were as below:

Dr Werner M Baumker	(resigned 28 February 2023)
Caroline L E M Bewes	
Nicholas C J Bewes	
W John A Bullough	(resigned 30 November 2021)
Patrick J Bushnell	(resigned 30 November 2022)
Gavin E O Howard	
Andrew J Hynard	(appointed 1 March 2023)
Richard J Meakin	
Dominic J G Reilly	
Sian L Steele	(Chairman)

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

There were no events to report after balance sheet date.

CHARITABLE CONTRIBUTIONS

Donations to charitable organisations amounted to £12,057 (2021 - £5,843).

HOWARD VENTURES LIMITED

DIRECTORS' REPORT (continued)

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
- 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.

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 and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting..

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


Nicholas C. Bewes
Director

Date: 19th APRIL 2023

HOWARD VENTURES LIMITED

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 2022 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

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

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

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

HOWARD VENTURES LIMITED

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

Other information

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

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

We have nothing to report in this regard.

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. This description forms part of our auditor's report.

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

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

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006 and UK tax legislation.
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included health and safety regulations, general data protection regulation, employee and pension legislation and the Landlord and Tenant Act.

HOWARD VENTURES LIMITED

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

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

We discussed among the audit engagement team and Real Estate Specialist regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

Our first significant risk in respect of fraud has been pinpointed to the recoverability of work in progress. The work in progress relates to a property that is expected to be redeveloped, and thus the risk has been pinpointed to the current recoverability of the property prior to redevelopment:

- We challenged the key assumptions used by the external valuer, including those in respect of yields, discounts and expected rental values. In doing so, we have sought to benchmark against relevant market comparatives, evaluated any contradictory evidence and documentation and obtained an understanding in respect of the valuations used within the considerations. This valuation has then been used to determine whether the work in progress is recoverable at the year end.

Our second significant risk in respect of fraud has been pinpointed to the recognition of development income in the year. Development income is recognised as the costs of work are completed and the risk was pinpointed to the recognition of revenue relevant to the level of completion.

- We have considered the overall completion of the development, in line with the completion of the costs of the subcontractor throughout the year. In doing so, we consider the overall progress of the development. We then perform substantive testing to confirm the appropriate revenue has been recognised in respect of the costs of work that have been completed, at the required mark up.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

HOWARD VENTURES LIMITED

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: 20 April 2023

HOWARD VENTURES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the year ended 30 September 2022

	Note	2022 £	2021 £
TURNOVER	3	10,744,980	5,157,219
Cost of sales		(7,959,140)	(1,887,909)
GROSS PROFIT		2,785,840	3,269,310
Administrative expenses		(2,430,342)	(3,316,768)
OPERATING PROFIT/(LOSS)	6	355,498	(47,458)
Share of profit in:			
Joint venture	12	6,914	66,996
Investment income:			
Dividends received		-	102,219
Profit on sale of investment	12	932,289	-
PROFIT BEFORE INTEREST AND TAXATION		1,294,701	121,757
Interest receivable and similar income	4	8,104	30,392
Interest payable and similar expenses	5	(111,477)	(100,000)
PROFIT BEFORE TAXATION		1,191,328	52,149
Tax (charge)/credit on profit	9	(224,386)	11,112
PROFIT FOR THE FINANCIAL YEAR		966,942	63,261

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 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible assets	11	51,522	48,231
Investments in:			
- Joint ventures	12	155,870	148,956
- Other investments	12	-	250,000
		<u>207,392</u>	<u>447,187</u>
CURRENT ASSETS			
Stocks	13	8,520,702	9,611,844
Debtors:			
Due within one year	14	18,629,940	13,209,152
Cash at bank and in hand		<u>3,903,268</u>	<u>7,024,038</u>
		31,053,910	29,845,034
CREDITORS: amounts falling due within one year	15	<u>(1,706,743)</u>	<u>(1,706,459)</u>
NET CURRENT ASSETS		<u>29,347,167</u>	<u>28,138,575</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		29,554,559	28,585,762
CREDITORS: amounts falling due after more than one year	16	(8,053,020)	(8,053,020)
PROVISION FOR LIABILITIES	17	(1,855)	-
NET ASSETS		<u>21,499,684</u>	<u>20,532,742</u>
CAPITAL AND RESERVES			
Called up share capital	19	405,302	405,302
Share premium account	19	7,845,326	7,845,326
Profit and loss account	19	<u>13,249,056</u>	<u>12,282,114</u>
SHAREHOLDERS' FUNDS		<u>21,499,684</u>	<u>20,532,742</u>

The financial statements of Howard Ventures Limited, registered number 05895937, were approved by the Board of Directors and authorised for issue on 19th APRIL 2023

Signed on behalf of the Board of Directors



Richard J Meakin
Director



Nicholas C J Bewes
Director

HOWARD VENTURES LIMITED

COMPANY BALANCE SHEET As at 30 September 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible assets	11	51,522	48,231
Investments in subsidiary undertakings	12	31,005,097	10,134,859
		<u>31,056,619</u>	<u>10,183,090</u>
CURRENT ASSETS			
Debtors	14	358,193	18,155,067
Cash at bank and in hand		<u>1,418,299</u>	<u>2,762,977</u>
		1,776,492	20,918,044
CREDITORS: amounts falling due within one year	15	<u>(4,044,477)</u>	<u>(3,399,015)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(2,267,985)</u>	<u>17,519,029</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		28,788,634	27,702,119
CREDITORS: amounts falling due after more than one year	16	<u>(8,053,020)</u>	<u>(8,053,020)</u>
PROVISION FOR LIABILITIES	17	<u>(1,855)</u>	<u>-</u>
NET ASSETS		<u>20,733,759</u>	<u>19,649,099</u>
CAPITAL AND RESERVES			
Called up share capital	19	405,302	405,302
Share premium account	19	7,845,326	7,845,326
Profit and loss account	19	<u>12,483,131</u>	<u>11,398,471</u>
SHAREHOLDERS' FUNDS		<u>20,733,759</u>	<u>19,649,099</u>

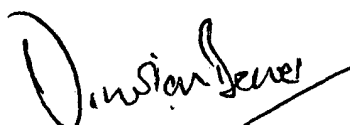
The profit for the financial year dealt with in the financial statements of the parent company was £1,084,660 (2021 - £101,597).

The financial statements of Howard Ventures Limited, registered number 05895937, were approved by the Board of Directors and authorised for issue on 19th APRIL 2023

Signed on behalf of the Board of Directors



Richard J Meakin
Director



Nicholas C J Bewes
Director

HOWARD VENTURES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 30 September 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 October 2020	405,302	7,845,326	12,218,853	20,469,481
Profit for the year and total comprehensive income	-	-	63,261	63,261
At 30 September 2021	405,302	7,845,326	12,282,114	20,532,742
Profit for the year and total comprehensive income	-	-	966,942	966,942
At 30 September 2022	405,302	7,845,326	13,249,056	21,499,684

HOWARD VENTURES LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY 30 September 2022

	Called up share capital £	Share premium account £	Profit and loss account £	Total £
At 1 October 2020	405,302	7,845,326	11,296,874	19,547,502
Profit for the year and total comprehensive income	-	-	101,597	101,597
At 30 September 2021	405,302	7,845,326	11,398,471	19,649,099
Profit for the year and total comprehensive income	-	-	1,084,660	1,084,660
At 30 September 2022	405,302	7,845,326	12,483,131	20,733,759

At 30 September 2022, the Company's distributable reserves were £12,483,131 (2021 - £11,398,471).

HOWARD VENTURES LIMITED

CONSOLIDATED CASH FLOW STATEMENT For the year ended 30 September 2022

	Note	2022 £	2021 £
Cash flows (used in)/from operating activities			
Cash (outflow)/inflow from operations	20	(4,165,855)	1,245,983
Tax paid		(34,192)	(173,408)
Net cash flows (used in)/from operating activities		<u>(4,200,047)</u>	<u>1,072,575</u>
Cash flows from investing activities			
Interest received		8,104	1,191
Purchase of property, plant and equipment		(11,115)	-
Proceeds from disposal of investment		1,182,288	-
Repayment of loan from company with common shareholders		-	1,200,000
Repayment of deferred consideration from previous associates		-	695,000
Distributions from joint venture		-	200,000
Net cash flows from investing activities		<u>1,179,277</u>	<u>2,096,191</u>
Cash flows used in financing activities			
Loans repaid		-	(258,756)
Dividends received		-	102,219
Dividend paid on preference shares		(100,000)	(100,000)
Net cash flows used in financing activities		<u>(100,000)</u>	<u>(256,537)</u>
Net (decrease)/increase in cash and cash equivalents		<u>(3,120,770)</u>	<u>2,912,229</u>
Cash and cash equivalents at beginning of year		<u>7,024,038</u>	<u>4,111,809</u>
Cash and cash equivalents at end of year		<u><u>3,903,268</u></u>	<u><u>7,024,038</u></u>

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

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2022

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

The Directors have considered the financial position of the Company and Group, including the need for any impairment in relation to debtors and work in progress, and believe that the Company and Group are well placed to manage their business risks successfully. In addition, the Directors consider that the terms of the construction contract and development agreement at Unity Campus Phase 2 have largely mitigated the risks associated with the scheme. Therefore, they believe the Group has, or will generate, 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.

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2022

1. ACCOUNTING POLICIES (continued)

Associated undertakings (continued)

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.

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 Group's share of net assets in associated undertakings 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

An 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 consultancy, rental income, insurance and service charge income, development management services, property management and miscellaneous income. Turnover excludes value added tax generated in the ordinary course of the Group's business and which 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 dividends receivable by the Group, which were declared during the accounting period.

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2022

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 with 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.

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2022

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.

Key sources of estimation uncertainty

Investments

The Directors consider a key source of estimation uncertainty to relate to the carrying value of the Group's and Company's investments held as per note 12. 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

During the year, the Directors instructed CBRE Limited to undertake a valuation exercise in accordance with RICS Valuation Standards. The valuation of the Company'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. Where the Directors believe the market value of work-in-progress held to be in excess of the book value, no impairment is required. As has been the case in the current year, where the market value is believed to be below the book value, an impairment is made to reflect the difference totalling £499,017.

Critical Judgements

During the year, due to a change in Group Strategy, it was judged that amounts owed by Group undertakings to the Company should be reclassified from debtors due within one year to fixed asset investments (note 12). The Company utilises intercompany financing to fund Group initiatives and will consider the requirements of resources across the Group. In the year, the strategic Direction of the Group focused on ongoing development and thus resources were pooled to facilitate this. As such, the Directors believe there is a critical judgement in respect of the classification of the balance, as it is deemed that amounts, although repayable on demand, will likely only be returned in greater than one year. The balance has been classified as such. The Directors believe amounts owed by Group undertakings are fully recoverable.

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2022

3. TURNOVER

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

	2022 £	2021 £
Consultancy income	-	249,600
Rental income	582,851	590,039
Service charge and other recharged income	15,741	8,496
Development income	8,452,992	2,131,901
Property management and related services	1,683,396	2,166,726
Miscellaneous income	10,000	10,457
Total revenue	<u>10,744,980</u>	<u>5,157,219</u>

Turnover is derived from operations within the United Kingdom.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £	2021 £
Bank interest	8,104	1,191
Unwinding of discount on deferred considerations	-	29,201
	<u>8,104</u>	<u>30,392</u>

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £	2021 £
Preference share dividend	100,000	100,000
Other interest	11,477	-
	<u>111,477</u>	<u>100,000</u>

6. OPERATING PROFIT/(LOSS)

	2022 £	2021 £
Operating profit/(loss) is stated after (crediting)/charging		
Auditor's remuneration		
Audit fee – audit of the financial statements	32,595	24,500
Audit fee – audit of the financial statements – company only	13,091	12,900
Tax compliance services	22,007	20,100
Depreciation of tangible fixed assets	7,825	17,810
Rents received from operating leases	(582,851)	(590,039)
Operating lease rentals – property rental	<u>55,000</u>	<u>55,000</u>

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2022

7. STAFF COSTS

	2022 No.	2021 No.
Average number of persons employed by the Group during the year:		
Management	8	9
Administration	10	10
	<u>18</u>	<u>19</u>
Staff costs incurred during the year in respect of these employees were:	£	£
Wages and salaries	440,649	365,286
Social security costs	56,427	42,499
Pension and other costs	20,638	25,109
	<u>517,714</u>	<u>432,894</u>

8. DIRECTORS' REMUNERATION

Remuneration in respect of Directors was as follows:

	2022 £	2021 £
Emoluments including Directors' fees	308,106	221,842
Contributions to money purchase pension schemes	16,544	14,324
	<u>324,650</u>	<u>236,166</u>

The average number of Directors employed by the Group during the year was 3 (2021 - 3). During the year, Directors (2021 - 1) participated in money purchase pension schemes.

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

	2022 £	2021 £
Emoluments including Directors' fees	140,415	86,652
Contributions to money purchase pension schemes	8,498	8,250
	<u>148,913</u>	<u>94,902</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.

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2022

9. TAX ON PROFIT

	2022 £	2021 £
Current taxation		
United Kingdom corporation tax for the year	217,761	5,847
Adjustment in respect of prior years	4,573	(17,740)
Adjustments in respect of tax rate changes	-	781
Total current tax charge/(credit)	222,334	(11,112)
Deferred taxation		
Origination and reversal of timing differences	1,560	-
Effect of changes in tax rates	492	-
Total deferred tax	2,052	-
Tax on profit	224,386	(11,112)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19% (2021 - 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:

	2022 £	2021 £
Profit before tax	1,191,328	52,149
Profit multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	226,352	9,908
Factors affecting charge for the year:		
Income not taxable	(185,659)	(7,302)
Expenses not deductible for tax purposes	19,006	15,360
Joint Ventures	8,771	(12,119)
Tax rate changes	492	781
Adjustment in respect of prior years	4,573	(17,740)
Gains/ rollover relief	150,851	-
Total tax charge/(credit) for the year	224,386	(11,112)

Announcements in the March 2020 budget, which were substantively enacted on 17 March 2020 and subsequently enacted through Finance Act 2020, included provisions to increase the UK Corporation tax rate to 19% from 1 April 2020.

Finance Act 2021, which was substantively enacted on 24 May 2021, included provisions to increase the rate further to 25%, effective from 1 April 2023. This rate has been applied when calculating the deferred tax at the year end.

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.

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2022

11. TANGIBLE FIXED ASSETS

Group and Company

	Investment assets £	Fixtures and fittings £	Total £
Cost			
At 1 October 2021	40,385	198,481	238,866
Additions	-	11,116	11,116
At 30 September 2022	40,385	209,597	249,982
Depreciation			
At 1 October 2021	4,545	186,090	190,635
Charge for the year	-	7,825	7,825
At 30 September 2022	4,545	193,915	198,460
Net book value			
At 30 September 2022	35,840	15,682	51,522
At 30 September 2021	35,840	12,391	48,231

12. INVESTMENTS HELD AS FIXED ASSETS

Group

	2022 £	2021 £
Joint ventures	155,870	148,956
Other investments	-	250,000
	155,870	398,956

Company

	Amounts owed by group undertaking £	Investments in subsidiary companies £	Total £
Cost			
At 1 October 2021	-	10,134,859	10,134,859
Re-classification	20,870,238	-	20,870,238
At September 2022	20,870,238	10,134,859	31,005,097
Net book value			
At 30 September 2022	20,870,328	10,134,859	31,005,097
At 30 September 2021	-	10,134,859	10,134,859

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2022

12. INVESTMENTS HELD AS FIXED ASSETS (continued)

Amounts owed by Group undertakings have no fixed terms, are not secured against any assets and no interest accrues on these balances.

During the year, amounts owed by Group undertakings were reclassified from debtors due within one year to fixed asset investments (note 14).

Company - Shares in subsidiary undertakings

	£
Cost	
At 1 October 2021 and 30 September 2022	14,479,201
Provision for impairment	
At 1 October 2021 and 30 September 2022	4,344,342
Net book value	
At 30 September 2022	10,134,859
At 30 September 2021	10,134,859

The parent company and the Group have investments in the following subsidiary undertakings, 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*	Dormant
Howard Developments Limited*	Property development and development management
HPG Bedford Limited*	Dormant
Beaumont Sawston Limited*	Property development
CAEC Howard Limited*	Property development
HPG Developments Limited*	Dormant
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.

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.

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 30 September 2022

12. INVESTMENTS HELD AS FIXED ASSETS (continued)

Group	Joint ventures £
At 1 October 2021	148,956
Share of retained profit for the year	6,914
At 30 September 2022	<u>155,870</u>

Unlisted investments

Company	Holding %	Principal activity	Cost of investment	Impairments	Disposal	Net Book Value
IX Group Limited	5.6%	In liquidation	£250,000	-	(£250,000)	-
Waste Management Systems Limited	3.2%	Waste logistics service	£617,345	(£617,345)	-	-

The registered address for IX Group Limited 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 also holds 626,758 'B' ordinary shares and 224,363 'C' ordinary shares of 1p each in IX Group Limited. During the year, the subsidiaries of IX Group Limited were sold and IX Group Limited subsequently entered into a members' voluntary liquidation. Capital distributions of £1,182,289 were received before the year end. With a cost of investment of £250,000, a profit on sale of the investment was recognised in the year of £932,289.

	Unlisted investments £
Cost	
At 1 October 2021	867,345
Disposal	(250,000)
At 30 September 2022	<u>617,345</u>
Provision for impairment	
Provision at 1 October 2021 and 30 September 2022	<u>617,345</u>
Net book value	
At 30 September 2022	-
At 30 September 2021	<u>250,000</u>

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2022

13. STOCKS

	Group	
	2022	2021
	£	£
Work in progress	8,520,702	9,611,844

14. DEBTORS

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	18,520,316	12,006,192	148,888	1,384,626
Amounts owed by group undertakings	-	-	-	16,639,730
Other debtors	-	1,111,891	150,000	42,333
Prepayments	49,150	34,703	17,060	34,703
Corporation tax debtor	54,333	56,366	36,109	53,675
VAT debtor	6,141	-	6,136	-
	<u>18,629,940</u>	<u>13,209,152</u>	<u>358,193</u>	<u>18,155,067</u>

Amounts owed by group undertakings have no fixed terms, are not secured against any assets and no interest accrues on these balances.

During the year, amounts owed by Group undertakings were reclassified from debtors due within one year to fixed assets investments (note 12).

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Shareholder loan	139,795	139,795	139,795	139,795
Trade creditors	429,813	-	198,116	-
Amounts owed to Group undertakings	-	-	3,268,329	2,408,660
Other taxation and social security	82,522	49,860	-	40,836
Other creditors	545,783	740,930	82,522	282,410
Accruals	378,937	664,578	355,715	527,314
Deferred Income	129,893	111,296	-	-
	<u>1,706,743</u>	<u>1,706,459</u>	<u>4,044,477</u>	<u>3,399,015</u>

The shareholder loan, obtained on 8 March 2016, is interest free and is repayable on demand.

Amounts owed to Group undertakings are repayable on demand, are not secured against any asset and no interest accrues on these balances.

The other creditors balance relates to VAT payable and rent deposits received from tenants.

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2022

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

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
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 at nominal value. 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.

17. PROVISION FOR LIABILITIES

	£	
Deferred tax		
At 1 October 2021	-	
Deferred tax charged to profit and loss account for the year	2,052	
Adjustment in respect of prior years	(197)	
	<hr/>	
At 30 September 2022	1,855	
	<hr/> <hr/>	
Analysis of deferred tax liabilities		
	2022	2021
	£	£
Fixed asset timing differences	4,159	-
Pension contribution timing differences	(2,304)	-
	<hr/>	<hr/>
	1,855	-
	<hr/>	<hr/>

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2022

18. ANALYSIS AND RECONCILIATION OF NET FUNDS

	At 1 October 2021 £	Cash flow £	At 30 September 2022 £
Cash and cash equivalents	7,024,038	(3,120,770)	3,903,268
Debt due within 1 year	(139,795)	-	(139,795)
Net funds	<u>6,884,243</u>	<u>(3,120,770)</u>	<u>3,763,473</u>

	2022 £	2021 £
Decrease/(increase) in net funds resulting from cash flows	<u>(3,120,770)</u>	<u>3,170,985</u>
Movement in net funds in the year	<u>(3,120,770)</u>	<u>3,170,985</u>
Opening net funds	<u>6,884,243</u>	<u>3,713,258</u>
Closing net funds	<u>3,763,473</u>	<u>6,884,243</u>

19. CALLED UP SHARE CAPITAL AND RESERVES

	2022 £	2021 £
Called up, allotted and fully paid		
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 at nominal value. 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.

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2022

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

	2022 £	2021 £
Operating profit/(loss)	355,498	(47,458)
Adjustment for:		
Depreciation of tangible fixed assets	7,825	18,149
Operating cash flow before movement in working capital	363,323	(29,309)
Decrease in stocks	1,091,142	1,524,334
(Increase)/decrease in debtors	(5,615,519)	2,109,634
Decrease in creditors	(4,801)	(2,358,676)
Cash (outflow)/inflow from operations	<u>(4,165,855)</u>	<u>1,245,983</u>

21. FINANCIAL COMMITMENTS

A subsidiary of the Group, Howard Developments Limited, agreed to commit up to £35,400,000 for the construction and delivery of a laboratory and office development at Unity Campus, London Road, Pampisford, known as "Unity Campus Phase 2". At 30 September 2022, the outstanding commitment was £32,983,615.

At the current year end, Howard Ventures Limited occupied its premises under a tenancy at will.

22. 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 £74,864 (2021 - £94,224). As at 30 September 2022, contributions of £9,214 (2021 - £8,917) due in respect of the current year had not been paid over to schemes.

23. OPERATING LEASE COMMITMENTS

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

	2022 £	2021 £
Within one year	770,667	458,616
In the second to fifth years inclusive	2,104,449	1,544,464
After more than five years	4,528,157	4,697,302
	<u>7,403,273</u>	<u>6,700,382</u>

HOWARD VENTURES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 September 2022

24. RELATED PARTY TRANSACTIONS

During the year, Howard Ventures Limited repaid £nil (2021 - £258,756) in respect of the loan facility provided by its shareholders. At the year end, a total of £139,795 (2021 - £139,795) 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 and subsidiaries totalling £2,258,291 (2021 - £3,099,865) in respect of staff and associated overheads.

	2022		2021	
	Invoiced	Outstanding	Invoiced	Outstanding
	£	£	£	£
Howard Developments Limited	571,057	31,429	872,691	239,278
Howard Sawston Ltd	3,837	3,378	-	-
Howard Investments Company Limited	1,683,397	112,610	2,227,174	1,104,659
	<u>2,258,291</u>	<u>147,417</u>	<u>3,099,865</u>	<u>1,343,937</u>

At 30 September 2022, the amount outstanding from Howard Investments Company Limited, a company with common shareholders, was held within trade debtors (note 14).

Howard Developments Limited raised invoices totalling £nil (2021 - £299,520) during the year for professional services provided to Howard Investment Company Limited. At 30 September 2022, an amount of £nil (2021 - £239,278) was outstanding.

During the year, Howard Sawston Ltd, a company with common shareholders, invoiced Howard Developments Limited £8,185 (2021 - £nil) for the recovery of marketing costs in respect of the investment property under construction. At 30 September 2022, a trade debtor of £8,185 (2021 - £nil) was outstanding.

Howard Developments Limited raised invoices totalling £7,052,991 (2021 - nil) during the year for development services provided to Howard Sawston Ltd. At 30 September 2022, the company's balance due from Howard Sawston Ltd was £18,402,857 (2021 - £10,761,923). At 30 September 2022 there was an accrued balance of £nil (2021 - £841,903) outstanding.

During the year, Howard Ventures Limited paid rent of £55,000 (2021 - £55,000) to Howard Grove Limited, a company with common shareholders. At 30 September 2022 and 2021, 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.

Howard Developments Limited raised invoices totaling £10,000 during the year for administration provided to Howard Osborne LLP. At 30 September 2022 £nil was outstanding.

During 2021, Howard Equity Holdings Limited received loan repayments totaling £695,000 from Fenland Holdings Limited, with a write off of £50,000 agreed in return for early repayment. As a result, there was £nil outstanding on the loan at 30 September 2021 and 2022.

25. 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 being owned and controlled by a number of Director-Shareholders.