

**Registered number: 05941545**

# **Northumberland Estates Limited**

**Annual report**

**31 March 2023**

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# **Northumberland Estates Limited**

## **Company information**

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**Directors**  
C Barnes  
C Ingle  
The Duke of Northumberland  
R C St. J Wilson  
D F Straughan (appointed 20 July 2022)

**Registered number** 05941545

**Registered office**  
Quayside House  
110 Quayside  
Newcastle upon Tyne  
NE1 3DX

**Independent auditor**  
UNW LLP  
Chartered Accountants  
Citygate  
St. James' Boulevard  
Newcastle upon Tyne  
NE1 4JE

**Bankers**  
Barclays Bank plc  
Barclays House  
5 St Ann's Street  
Quayside  
Newcastle upon Tyne  
NE1 3DX

# **Northumberland Estates Limited**

## **Contents**

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	<b>Page</b>
<b>Group strategic report</b>	<b>1 - 3</b>
<b>Directors' report</b>	<b>4 - 5</b>
<b>Directors' responsibilities statement</b>	<b>6</b>
<b>Independent auditor's report to the members of Northumberland Estates Limited</b>	<b>7 - 10</b>
<b>Consolidated statement of comprehensive income</b>	<b>11</b>
<b>Consolidated balance sheet</b>	<b>12</b>
<b>Company balance sheet</b>	<b>13 - 14</b>
<b>Consolidated statement of changes in equity</b>	<b>15</b>
<b>Company statement of changes in equity</b>	<b>16</b>
<b>Consolidated statement of cash flows</b>	<b>17 - 18</b>
<b>Consolidated analysis of net debt</b>	<b>19</b>
<b>Notes to the financial statements</b>	<b>20 - 43</b>

# **Northumberland Estates Limited**

## **Group strategic report Year ended 31 March 2023**

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The directors present their strategic report and the financial statements for the year ended 31 March 2023.

### **Principal activity and review of the business**

The principal activity of Northumberland Estates Limited company and its group is commercial and residential property investment and development in the UK, Europe and North America.

Future property investment opportunities are continually being reviewed and assessed. Future investments along with realisations of development land at uplifted values will further strengthen the group's position going forward. The policy of maintaining properties to a high standard and enhancing their value will be continued during the forthcoming year.

Group revenues reduced by 22% to £18.1 million in the year ended 31 March 2023. This relates to property development income and is a result of the completion of the residential development sites acquired a number of years ago. Rental income increased by £2 million in period and is a result of a combination of lease re-gearing, attracting tenants to vacant units, relocating and reconfiguring spaces for existing tenants.

As part of the ongoing review of the property portfolio, the group developed various properties in the UK and overseas. Core assets are held for rental income whilst others are realised or redeveloped. This continued program of development and acquisition has further strengthened the balance sheet.

The directors have prepared detailed forecasts which have been updated to consider the impact of current economic conditions on revenues and working capital. The directors, with reference to these forecasts and support from shareholders, consider that the group has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

### **Objectives and strategy**

The group's strategy is to remain aligned to its core policy objective of maintaining a mix of assets that generate a reliable and growing income stream, and in addition, to continue its development programme to generate capital receipts and / or rental income from its own land.

### **Key performance Indicators ("KPI's")**

The directors consider that the key financial performance indicators are those that communicate the financial performance and strength of the group as a whole, these being loan-to-value debt ratio, property vacancy rates, development profit, development programme timescales and in the case of residential developments also the frequency of sale completions in differing market conditions.

The group maintains internal parameters for the loan-to-value debt ratio and at 31 March 2023 this was within the required parameter. Vacancy rates are continually reviewed and are inline with managements expectations given the market conditions.

Property vacancy rates are monitored and where vacant properties arise the group explores various alternative uses for the property as well as increasing its marketing efforts to occupy vacant space. During the year the group was successful in maintaining high occupancy rates.

As residential sites matured during the year sale completions amounted to 3 plots (2022 – 24). No new residential sites were developed in the year and the development revenues relate to the sites that have been ongoing for a number of years. Margins achieved were within KPI expectations.

# **Northumberland Estates Limited**

## **Group strategic report (continued)** **Year ended 31 March 2023**

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### **Principal risks and uncertainties**

The group is exposed to a number of operational, financial and commercial risks and it is the responsibility of the directors to assess these risks and ensure appropriate controls are in place to mitigate their effect. The directors consider that the principal risks and mitigating controls are as follows:

#### ***Acquisition and development***

An element of the group's strategy is to grow the business through acquisition and development of commercial property. Such activity has associated risks such as valuation, timing, integration / set-up and management resources. All investment and development proposals undergo a rigorous evaluation process incorporating pay-back evaluation which targets a minimum IRR in accordance with an established criteria for approving investments.

#### ***Time delays and complexities in the planning processes***

Failure to obtain planning within appropriate timescales on developments could have negative returns and associated costs. The group mitigates such risk by using external planning specialists where necessary to work alongside its internal planning department and maintain a continuous pipeline of planning applications.

#### ***Property valuation***

Property valuations in 2023 were undertaken by the directors to determine fair value and the valuation has been made in accordance with the RICS Appraisal and Valuation Manual. The values have been adopted by the group and are reflected in the balance sheet. In arriving at these valuations various factors are taken into account, including but not limited to the macro-economic environment, tenancy schedules at the balance sheet date, environmental matters and nature and timing of any zoning and planning permission submitted or obtained.

#### ***Funding and liquidity risk***

The group operates a prudent approach to liquidity management using a mixture of long-term debt together with cash and cash equivalents.

#### ***Foreign exchange risk***

Foreign exchange rates have undergone a period of volatility. While the group attempts to mitigate this risk, a net exposure will remain to currencies which may depreciate against Sterling in the future. The group mitigates this risk by holding cash reserves in foreign currency and generally does not repatriate foreign currency back to the UK.

#### ***Interest rate risk***

The group adopts a policy of ensuring that an appropriate proportion of its exposure to changes in interest rates on borrowings is covered. A significant amount of the group's financing is now at a fixed interest rate which limits exposure to interest rate fluctuations.

#### ***Tenant credit risk***

The group rents out property to a wide range of commercial tenants. All tenants are credit checked before they enter into a lease. However, the group is exposed to the risk of tenants' credit position.

# **Northumberland Estates Limited**

## **Group strategic report (continued)** **Year ended 31 March 2023**

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### ***Taxation***

The group undertakes transactions of an international nature with varying corporation tax rates, regimes and tax structuring. The group is exposed to any changes in rates or legislation changes which could increase the group's effective tax rate, to mitigate this risk the group seeks expert local tax advice and planning with regards annual compliance and all significant international transactions.

### **Section 172 statement**

In making decisions, the directors consider the potential long term implications of these decisions, including but not limited to, how we foster business relationships with suppliers, customers and others, and the impact of our operations on the community and environment. These considerations are embedded in decision making at board level.


Key suppliers are chosen through a tendering process in which price, location, previous dealings with and quality of materials used are taken into consideration. Contracts with these suppliers are then monitored throughout performance and any issues or discrepancies identified are resolved.

Customers range widely in their nature due to the groups activities. The group ensures it has adequate safeguards in place with its contractors to deal with any issues and resolve issues as they arise. Commercial rental customers are communicated with regularly along with landlord site visits to inspect its property assets.

The group is continually looking at its impact on the community and environment. An example of this is the building of property using material that has been quarried from local quarries and cut from local forests owned by the wider Northumberland Estate, this reduces transport carbon footprint, continues local employment and maintains an efficient cost. The group also considers the long term impact of any development in a specified area. Through the planning process it would be known what type of planning has been granted in nearby areas and the group considers this when planning its developments (both commercial and residential).

The directors recognise the need to act fairly between members of the company. Wherever a conflict or potential conflict arises, the board takes independent legal and professional advice to ensure that members are treated fairly.

This report was approved by the board on 31 August 2023 and signed on its behalf by:



**C Ingle**  
Director

# **Northumberland Estates Limited**

## **Directors' report Year ended 31 March 2023**

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The directors present their report and the financial statements for the year ended 31 March 2023.

### **Results and dividends**

The group profit for the year after taxation amounted to £2,332,151 (2022: £35,498,465). The directors do not recommend a dividend for the year ended 31 March 2023 (2022: £nil).

### **Going concern**

The directors have received confirmation that the shareholders will not request repayment of the loans owed to them for a period of at least one year from the date of signing of these financial statements and will not do so unless or until funds are available within the group to repay these loans.

The directors believe that the group is well placed to manage its business risks successfully in the future.

The directors have a reasonable expectation that the company and group have adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### **Post balance sheet events**

There have been no significant events affecting the group or company since the year end.

### **Matters covered in the strategic report**

Information on financial risk management, objectives and policies, which would otherwise be disclosed in the director's report, is instead disclosed in the strategic report, as permitted by s414C(11) of the Companies Act 2006.

### **Directors**

The directors who served during the year were:

C Barnes  
C Ingle  
The Duke of Northumberland  
R C St. J Wilson  
D F Straughan (appointed 20 July 2022)

## **Northumberland Estates Limited**

### **Directors' report (continued) Year ended 31 March 2023**

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#### **Disclosure of information to auditor**

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

#### **Auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

This report was approved by the board on 31 August 2023 and signed on its behalf by:



**C Ingle**  
Director

# **Northumberland Estates Limited**

## **Directors' responsibilities statement Year ended 31 March 2023**

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The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the group and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Independent auditor's report to the members of Northumberland Estates Limited**

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### **Opinion**

We have audited the financial statements of Northumberland Estates Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated statement of cash flows, the consolidated and company statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 or the 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.



## **Independent auditor's report to the members of Northumberland Estates Limited (continued)**

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### **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.

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

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

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

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

- adequate accounting records have not been kept 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.



## **Independent auditor's report to the members of Northumberland Estates Limited (continued)**

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### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 6, 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 group financial statements.

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 identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the group's legal correspondence and we discussed with the directors and other management the policies and procedures in place regarding compliance with laws and regulations. We have communicated identified laws and throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

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

Secondly, the group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection and certain aspects of company legislation, recognising the nature of the group's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not become aware of any actual or suspected non-compliance material to the financial statements.



## **Independent auditor's report to the members of Northumberland Estates Limited (continued)**

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Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

### **Use of our report**

This report is made solely to the group'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 group'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 group and the group's members, as a body, for our audit work, for this report, or for the opinions we have formed.

*F. Rivett*

**Fern Rivett BA ACA (Senior Statutory Auditor)**  
**for and on behalf of UNW LLP, Statutory Auditor**  
Chartered Accountants  
Newcastle upon Tyne

Date: 13 September 2023

# Northumberland Estates Limited

## Consolidated statement of comprehensive income Year ended 31 March 2023

	Note	2023 £	2022 £
Turnover	4	18,080,332	23,325,504
Operating expenses		(8,281,892)	(15,786,325)
Other operating income		12,869,262	2,602,925
<b>Operating profit</b>		<b>22,667,702</b>	<b>10,142,104</b>
Share of profit in joint ventures	13	43,101	793,413
Profit on sale of development sites		136,393	7,066,649
Profit on sale of investment property		286,558	1,927,017
Profit on sale of investments		766,174	11,737,434
Write off of goodwill arising on acquisition of subsidiary undertaking		-	(19,120)
(Loss)/gain on revaluation of investment properties	14	(15,772,357)	18,874,206
Impairment of investments	13	(99,994)	-
<b>Profit before interest and taxation</b>	5	<b>8,027,577</b>	<b>50,521,703</b>
Interest receivable and similar income	8	1,506,336	1,090,656
Interest payable and similar expenses	9	(5,237,273)	(4,812,569)
<b>Profit before taxation on ordinary activities</b>		<b>4,296,640</b>	<b>46,799,790</b>
Tax on profit on ordinary activities	10	(1,964,489)	(11,301,325)
<b>Profit for the financial year</b>		<b>2,332,151</b>	<b>35,498,465</b>
Exchange differences on translation of foreign operations		6,203,113	3,236,337
Capital reserves		-	1,257,558
<b>Other comprehensive income for the year</b>		<b>6,203,113</b>	<b>4,493,895</b>

The notes on pages 20 to 43 form part of these financial statements.

# Northumberland Estates Limited

## Consolidated balance sheet At 31 March 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Intangible assets	11	-	-
Tangible assets	12	1,400,000	1,400,000
Investments	13	37,463,463	30,352,122
Investment property	14	288,660,362	282,211,368
		<u>327,513,825</u>	<u>313,963,490</u>
<b>Current assets</b>			
Stocks	15	2,977,930	6,010,029
Debtors	16	60,006,473	59,333,481
Cash at bank and in hand	17	29,366,531	28,964,811
		<u>92,349,934</u>	<u>94,308,321</u>
Creditors: amounts falling due within one year	18	(20,158,164)	(15,741,385)
<b>Net current assets</b>		<u>72,191,770</u>	<u>78,566,936</u>
<b>Total assets less current liabilities</b>		<u>399,705,595</u>	<u>392,530,426</u>
Creditors: amounts falling due after more than one year	19	(232,551,078)	(231,557,346)
<b>Provisions for liabilities</b>			
Deferred taxation	21	(9,835,457)	(12,189,284)
<b>Net assets</b>		<u><u>157,319,060</u></u>	<u><u>148,783,796</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	30,000,000	30,000,000
Foreign exchange reserve	25	7,619,451	1,416,338
Investment property reserve	25	34,864,920	45,109,049
Other reserves	25	5,076,777	5,076,777
Profit and loss account	25	79,757,912	67,181,632
<b>Equity attributable to owners of the parent company</b>	25	<u><u>157,319,060</u></u>	<u><u>148,783,796</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

*C Ingle* 31 August 2023.

**C Ingle**  
Director

The notes on pages 20 to 43 form part of these financial statements.

# Northumberland Estates Limited

## Company balance sheet At 31 March 2023

	Note	2023 £	2022 £
<b>Fixed assets</b>			
Investments	13	31,802,888	31,348,743
Investment property	14	69,425,439	65,955,610
		<u>101,228,327</u>	<u>97,304,353</u>
<b>Current assets</b>			
Stocks	15	64,784	3,422,203
Debtors	16	128,050,717	112,840,627
Cash at bank and in hand	17	19,847,110	13,424,416
		<u>147,962,611</u>	<u>129,687,246</u>
Creditors: amounts falling due within one year	18	(7,338,121)	(10,622,876)
<b>Net current assets</b>		<u>140,624,490</u>	<u>119,064,370</u>
<b>Total assets less current liabilities</b>		<u>241,852,817</u>	<u>216,368,723</u>
Creditors: amounts falling due after more than one year	19	(165,640,911)	(165,571,926)
<b>Provisions for liabilities</b>			
Deferred taxation	21	(1,965,195)	(2,816,088)
<b>Net assets</b>		<u><u>74,246,711</u></u>	<u><u>47,980,709</u></u>
<b>Capital and reserves</b>			
Called up share capital	21	30,000,000	30,000,000
Investment property reserve	25	23,720,707	25,007,276
Profit and loss account	25	20,526,004	(7,026,567)
<b>Total equity</b>		<u><u>74,246,711</u></u>	<u><u>47,980,709</u></u>

## **Northumberland Estates Limited**

### **Company balance sheet (continued) At 31 March 2023**

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The company has taken advantage of the exemption allowed under section 408 of the Companies Act and has not presented its own profit and loss account in these financial statements. The company's profit after tax and total comprehensive income was £26,266,002 (2022: £14,554,629).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



31 August 2023.

**C Ingle**  
Director

Company registered number: 05941545

The notes on pages 20 to 43 form part of these financial statements.

# Northumberland Estates Limited

## Consolidated statement of changes in equity Year ended 31 March 2023

	Called up share capital £	Investment property revaluation reserve £	Translation reserve £	Other reserves £	Profit and loss account £	Total equity £
<b>At 1 April 2021</b>	<b>30,000,000</b>	<b>30,556,542</b>	<b>(1,819,999)</b>	<b>3,562,774</b>	<b>46,502,119</b>	<b>108,791,436</b>
Profit for the year	-	-	-	-	35,498,465	35,498,465
Exchange differences on translation of foreign operations	-	-	3,236,337	-	-	3,236,337
Capital reserves	-	-	-	1,257,558	-	1,257,558
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>3,236,337</b>	<b>1,257,558</b>	<b>-</b>	<b>4,493,895</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>3,236,337</b>	<b>1,257,558</b>	<b>35,498,465</b>	<b>39,992,360</b>
Investment property revaluation reserve reclassification	-	16,998,679	-	-	(16,998,679)	-
Realisation of gain on asset disposal	-	(2,446,172)	-	-	2,446,172	-
Capital reserves transfer	-	-	-	266,445	(266,445)	-
<b>At 1 April 2022</b>	<b>30,000,000</b>	<b>45,109,049</b>	<b>1,416,338</b>	<b>5,076,777</b>	<b>67,181,632</b>	<b>148,783,796</b>
Profit for the year	-	-	-	-	2,332,151	2,332,151
Exchange differences on translation of foreign operations	-	-	6,203,113	-	-	6,203,113
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>6,203,113</b>	<b>-</b>	<b>-</b>	<b>6,203,113</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>6,203,113</b>	<b>-</b>	<b>2,332,151</b>	<b>8,535,264</b>
Investment property revaluation reserve reclassification	-	(10,103,260)	-	-	10,103,260	-
Realisation of gain on asset disposal	-	(140,869)	-	-	140,869	-
<b>At 31 March 2023</b>	<b>30,000,000</b>	<b>34,864,920</b>	<b>7,619,451</b>	<b>5,076,777</b>	<b>79,757,912</b>	<b>157,319,060</b>

The notes on pages 20 to 43 form part of these financial statements.

## Northumberland Estates Limited

### Company statement of changes in equity Year ended 31 March 2023

	Called up share capital £	Investment property revaluation reserve £	Profit and loss account £	Total equity £
<b>At 1 April 2021</b>	<b>30,000,000</b>	<b>17,592,341</b>	<b>(14,166,261)</b>	<b>33,426,080</b>
Profit and total comprehensive income for the year	-	-	14,554,629	14,554,629
Investment property revaluation reserve reclassification	-	8,495,943	(8,495,943)	-
Realisation of gain on asset disposal	-	(1,081,008)	1,081,008	-
<b>At 1 April 2022</b>	<b>30,000,000</b>	<b>25,007,276</b>	<b>(7,028,567)</b>	<b>47,980,709</b>
Profit and total comprehensive income for the year	-	-	26,266,002	26,266,002
Investment property revaluation reserve reclassification	-	(1,286,569)	1,286,569	-
<b>At 31 March 2023</b>	<b>30,000,000</b>	<b>23,720,707</b>	<b>20,526,004</b>	<b>74,246,711</b>

The notes on pages 20 to 43 form part of these financial statements.

# Northumberland Estates Limited

## Consolidated statement of cash flows Year ended 31 March 2023

	2023 £	2022 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	2,332,151	35,498,465
<b>Adjustments for:</b>		
Loss/(gain) on revaluation of investment properties	15,772,357	(18,874,206)
Profit on sale of investments	(766,174)	(11,335,632)
Profit on sale of development sites	(136,393)	(291,519)
Profit on disposal of investment properties	(286,558)	(1,915,913)
Goodwill written off	-	19,120
Share of profit in joint ventures	(43,101)	(793,413)
Gain/(loss) on foreign exchange	1,287,488	(6,278,087)
Amortisation of debt facility costs	68,986	63,928
Net finance costs	3,730,937	3,795,435
Taxation charge	1,964,489	11,301,325
(Increase)/decrease in stocks	(118,622)	1,460,835
Increase in debtors	(1,485,162)	(10,466,348)
Increase in creditors	760,543	5,334,614
Corporation tax paid	(2,460,850)	(4,861,761)
Impairment of investment	99,994	-
<b>Net cash generated from operating activities</b>	<b>20,720,085</b>	<b>2,656,843</b>
<b>Cash flows from investing activities</b>		
Purchase of investment properties	(13,362,627)	(9,643,873)
Sale of investment properties	2,059,031	14,190,000
Receipts from sale of development sites	155,700	300,000
Payments to acquire subsidiary undertakings	-	(19,120)
Payments to acquire investments	(7,170,486)	(13,379,142)
Receipts from sale of investments	2,714,796	23,680,088
Interest received	1,506,336	735,371
<b>Net cash from investing activities</b>	<b>(14,097,250)</b>	<b>15,863,324</b>

## Northumberland Estates Limited

### Consolidated statement of cash flows (continued) Year ended 31 March 2023

	2023 £	2022 £
<b>Cash flows from financing activities</b>		
Repayment of loans	(2,268,374)	(8,012,114)
Interest paid	(3,952,741)	(4,636,698)
Capital reserves increase	-	1,257,559
<b>Net cash used in financing activities</b>	<b>(6,221,115)</b>	<b>(11,391,253)</b>
<b>Net increase in cash and cash equivalents</b>	<b>401,720</b>	<b>7,128,914</b>
Cash and cash equivalents at beginning of year	28,964,811	21,835,897
<b>Cash and cash equivalents at the end of year</b>	<b>29,366,531</b>	<b>28,964,811</b>
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	29,366,531	28,964,811

The notes on pages 20 to 43 form part of these financial statements.

## Northumberland Estates Limited

### Consolidated analysis of net debt Year ended 31 March 2023

	At 1 April 2022 £	Cash flows £	Other non- cash changes £	At 31 March 2023 £
Cash at bank and in hand	28,964,811	401,720	-	29,366,531
Debt due after 1 year	(228,842,774)	-	(2,208,304)	(231,051,078)
Debt due within 1 year	(1,651,546)	(2,268,374)	2,086,552	(1,833,368)
	<u>(201,529,509)</u>	<u>(1,866,654)</u>	<u>(121,752)</u>	<u>(203,517,915)</u>

The notes on pages 20 to 43 form part of these financial statements.

# **Northumberland Estates Limited**

## **Notes to the financial statements Year ended 31 March 2023**

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### **1. General information**

Northumberland Estates Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The registered office address is Quayside House, 110 Quayside, Newcastle upon Tyne, NE1 3DX and the company registered number is 05941545.

### **2. Accounting policies**

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

#### **2.1 Basis of preparation and statement of compliance**

The financial statements have been prepared in accordance with applicable accounting standards.

The accounting principles used to prepare the financial statements are based on historical cost, unless stated otherwise.

The financial statements are prepared in GBP sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' - Presentation of a statement of cash flow and related notes and disclosures.
- Section 33 'Related Party Disclosures' - Compensation of key management personnel.

#### **2.2 Group financial statements**

The consolidated statement of comprehensive income and balance sheet consolidate the financial statements of the company and its subsidiary undertakings and equity account the company's interest in its joint ventures. The results of subsidiaries sold or acquired are included in the consolidated income statement up to, or from, the date control passes. Intra-group transactions are eliminated fully on consolidation. No income statement is presented for the parent company, Northumberland Estates Limited, as permitted by section 408 of the Companies Act 2006.

#### **2.3 Basis of consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings as if they formed a single entity. Intercompany transactions and balances are therefore eliminated in full.

#### **2.4 Going concern**

The directors have prepared detailed forecasts with reference to these forecasts, consider that the group has adequate resources to continue in operational existence for the 12 months from approval of financial statements. Thus, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# **Northumberland Estates Limited**

## **Notes to the financial statements Year ended 31 March 2023**

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### **2. Accounting policies (continued)**

#### **2.5 Revenue recognition**

Revenue comprises gross rentals exclusive of VAT. Gross rental income is recognised on a straight line basis over the lease term on an accruals basis. The group records deferred revenue when it receives consideration from a customer before achieving certain criteria that must be met for revenue to be recognised, which mainly is the timing of when rentals are due.

The group discounts its long term receivables from development site sales to their net present value using an appropriate discount rate.

Development site sales are recognised as follows:

- On sites that are sold outright - when legal completion occurs.
- On sites that are developed under a management agreement with a third party the sales are recognised when certain milestones are achieved, those being: legal completion has occurred on a per plot basis and the overall development site profit can be reasonably measured.

#### **2.6 Operating leases**

Rentals received under operating leases are recognised on a straight line basis over the term of the lease. Incentives given by the company to sign an operating lease are similarly spread on a straight line basis over the term of the lease.

#### **2.7 Taxation**

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account.

Current tax is the amount of tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred taxation is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### **2.8 Intangible fixed assets**

Goodwill represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. No reversals of impairment are recognised.

# **Northumberland Estates Limited**

## **Notes to the financial statements Year ended 31 March 2023**

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### **2. Accounting policies (continued)**

#### **2.9 Tangible fixed assets**

Freehold property represents a proportion of the valuation of an investment property held by the group, reflecting that part of the building is used as the group's office space. The group has adopted the revaluation model to revalue items of property whose fair value can be measured reliably. Revaluation gains and losses are recognised in the profit and loss account.

Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

#### **2.10 Investments**

The group has investments in various Limited Liability Companies (LLCs) and Limited Liability Partnerships (LLPs) registered in the USA and also GmbH companies registered in Germany. These investments are recognised at cost. In the company, investment in subsidiary undertakings are held at cost less accumulated impairment losses. Investments in joint ventures are recognised using equity accounting and a share in the company's profits are included within the profit and loss account.

#### **2.11 Investment properties**

The company's investment properties are held for long term investment and are accounted for as follows:

- Investment properties are initially recorded at cost which includes purchase cost and directly attributable expenditure.
- Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised through the profit and loss account and accumulated in the non-distributable reserve.

#### **2.12 Stocks - development land**

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

At the end of each reporting period development sites are assessed for impairment. If a development is impaired it is reduced to the selling price less costs to sell and an impairment charge is recognised through the profit and loss account.

#### **2.13 Foreign currencies**

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet due date. All differences are taken to the profit and loss account. The assets and liabilities of overseas subsidiary undertakings are translated at rates of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are recognised in the profit and loss account.

# **Northumberland Estates Limited**

## **Notes to the financial statements Year ended 31 March 2023**

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### **2. Accounting policies (continued)**

#### **2.14 Financial instruments**

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances, bank loans and loans to or from related parties, including fellow group companies.

Debt instruments due within one year are measured, initially and subsequently, at the transaction price. Debt instruments due after one year are measured initially at the transaction price, and subsequently at amortised cost using the effective interest method.

At the end of each reporting period, financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

#### **2.15 Interest-bearing loans and borrowings**

Interest-bearing loans and borrowings are initially recognised at the fair value of consideration received net of transaction costs incurred. After initial recognition they are measured at amortised cost using the effective interest method.

#### **2.16 Dilapidations**

No dilapidations provision is recognised when a lease contract is signed by a tenant. At the expiry or termination of a lease, the company can in certain circumstances, receive payments in relation to dilapidation costs to be incurred on the relevant property from its tenant. This receipt is recorded on the balance sheet and costs incurred matched with this income, any excess is recognised as other operating income in the profit and loss account upon the completion of the dilapidation works.

# **Northumberland Estates Limited**

## **Notes to the financial statements Year ended 31 March 2023**

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### **3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgments, estimations and assumptions that affect the amounts reported for assets and liabilities as at balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Valuation of investment properties**

The group carries its investment properties at fair value, with changes in fair value being recognised through the profit and loss account. The valuation at 31 March 2023 was undertaken by the group's commercial property team and has been made in accordance with the RICS Appraisal and Valuation Manual. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate.

#### **Appraisal of future development sites**

Management appraise all potential future developments for technical, economic and financial feasibility through an established internal criteria.

#### **Development sites sale obligations**

The group makes development site sales from time-to-time. Where there is a post-sale obligation, management estimates the financial impact. Such obligations require input from various sectors and as such are sensitive to price changes in raw materials, professional fees and unforeseen complications in performing the obligation.

#### **Valuation of investments**

The group holds investments in subsidiaries and other investments which are stated at cost less accumulated impairment losses. In assessing the carrying value of investments the directors have regard for the financial performance and position of the investee and their expected future performance based on their knowledge and experience of the business.

#### **Key sources of estimation uncertainty**

Estimates included within these financial statements include asset impairments (for example provision against stock and debtors). None of the estimates made in the preparation of these financial statements are considered to carry significant estimation uncertainty, nor to bear significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

# Northumberland Estates Limited

## Notes to the financial statements Year ended 31 March 2023

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### 4. Turnover

Turnover comprises of rental income from the group's investments property assets located in the UK and Europe and revenue from property development.

The amount of group turnover attributable to each of the classes of continuing activity of the group is as follows:

	2023 £	2022 £
Rental income	17,480,332	15,433,746
Property development income	600,000	7,891,758
	<u>18,080,332</u>	<u>23,325,504</u>

In the year ended 31 March 2023 31% of rental income arose in Switzerland and 8% in Germany (31 March 2022 - 22% Switzerland and 8% Germany). All of the revenue from property development arose in the UK.

### 5. Operating profit

This is stated after (crediting)/charging:

	2023 £	2022 £
Exchange rate (gain)/loss	(1,067,791)	13,069
Auditor's remuneration - audit services	86,000	82,500
	<u>          </u>	<u>          </u>

Included within operating expenses are £1,291,674 cost of sales (2022: £7,774,516) relating to property development.

# Northumberland Estates Limited

## Notes to the financial statements Year ended 31 March 2023

### 6. Staff costs

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	1,682,126	1,139,830	1,241,277	742,729
Social security costs	214,882	130,529	149,747	88,201
Cost of defined contribution pension scheme	181,066	156,219	138,671	118,662
	<u>2,078,074</u>	<u>1,426,578</u>	<u>1,529,695</u>	<u>949,592</u>

The average monthly number of employees during the year was made up as follows:

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
Directors	7	2	5	-
Management	4	5	4	5
Operations	14	9	11	8
Administration	2	1	2	1
	<u>27</u>	<u>17</u>	<u>22</u>	<u>14</u>

### 7. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	126,843	-
Group contributions to defined contribution pension schemes	14,250	-
	<u>141,093</u>	<u>-</u>

During the year retirement benefits were accruing to 1 director (2022 - 0) in respect of defined contribution pension schemes.

## Northumberland Estates Limited

### Notes to the financial statements Year ended 31 March 2023

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#### 8. Interest receivable and similar income

	2023 £	2022 £
Bank interest receivable	205,598	-
Other interest receivable	491,776	375,566
Interest receivable from related parties	808,962	715,090
	<u>1,506,336</u>	<u>1,090,656</u>

#### 9. Interest payable and similar charges

	2023 £	2022 £
Bank and loan interest payable	5,077,672	4,587,722
Borrowing costs amortisation	68,985	29,056
Interest payable to related parties	90,616	193,594
Other interest payable	-	2,197
	<u>5,237,273</u>	<u>4,812,569</u>

## Northumberland Estates Limited

### Notes to the financial statements Year ended 31 March 2023

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#### 10. Taxation

	2023 £	2022 £
<b>Corporation tax</b>		
Current tax on profits for the year	1,027,378	2,228,413
Adjustments in respect of previous periods	(329,456)	(205,464)
Overseas tax	3,620,394	2,091,165
	<u>4,318,316</u>	<u>4,114,114</u>
<b>Total current tax</b>	<u>4,318,316</u>	<u>4,114,114</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(2,356,070)	5,780,528
Changes to tax rates	-	1,137,711
Adjustment in respect of prior periods	(52,778)	268,972
Overseas tax	55,021	-
<b>Total deferred tax</b>	<u>(2,353,827)</u>	<u>7,187,211</u>
<b>Taxation on profit on ordinary activities</b>	<u>1,964,489</u>	<u>11,301,325</u>

# Northumberland Estates Limited

## Notes to the financial statements Year ended 31 March 2023

### 10. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is higher than (2022 -higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>4,296,640</u>	<u>46,799,790</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022 -19%)	816,362	8,891,960
Effects of:		
Expenses not deductible for tax purposes	1,164,357	(566)
Non-taxable income	139,899	(3,835,538)
Amounts previously reported through reserves	(42,762)	(40,836)
Effect of gains	(2,019,392)	4,429,383
Revaluation of fixed assets	17,330	(362,622)
Group income	-	5
Other timing differences	-	2,127,900
Partnership income	77,371	(105,333)
Adjustment from previous periods	(382,234)	(442)
Deferred tax not provided	457,485	218,309
Difference in overseas tax rates	1,736,073	(20,895)
Total tax charge for the year	<u>1,964,489</u>	<u>11,301,325</u>

#### Factors that may affect future tax charges

There were no factors that may affect future tax charges.

## Northumberland Estates Limited

### Notes to the financial statements Year ended 31 March 2023

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#### 11. Intangible assets

##### Group

	Goodwill £
<b>Cost</b>	
At 1 April 2022	4,185,024
At 31 March 2023	<u>4,185,024</u>
<b>Amortisation</b>	
At 1 April 2022	4,185,024
At 31 March 2023	<u>4,185,024</u>
<b>Net book value</b>	
At 31 March 2023	<u><u>-</u></u>

No intangible assets are held in the company (2022: £nil).

#### 12. Tangible fixed assets

##### Group

	Freehold property £
<b>Valuation</b>	
At 1 April 2022	1,400,000
At 31 March 2023	<u>1,400,000</u>
<b>Net book value</b>	
At 31 March 2023 and 31 March 2022	<u><u>1,400,000</u></u>

No tangible fixed assets are held in the company (2022: £nil).

## Northumberland Estates Limited

### Notes to the financial statements Year ended 31 March 2023

#### 13. Fixed asset investments

##### Group

	Other fixed asset investments £	Investment in joint ventures £	Total £
<b>Cost or valuation</b>			
At 1 April 2022	27,000,945	3,351,177	30,352,122
Additions	7,170,486	-	7,170,486
Disposals	(1,948,622)	-	(1,948,622)
Foreign exchange movement	1,940,669	5,701	1,946,370
Amounts written off	(99,994)	-	(99,994)
Share of profit	-	43,101	43,101
At 31 March 2023	<u>34,063,484</u>	<u>3,399,979</u>	<u>37,463,463</u>

Joint ventures	Nature of business	Registered office	Proportion of holding
Regeneration (North East) LLP	Property development	398a Princesway North, Gateshead, UK	50%
Prudhoe Estates LLP	Property development	Quayside House, 110 Quayside Newcastle upon Tyne, UK	50%
BB26 SA	Property investment	Rue Jacques-Grosselin 8 1227 Carouge, Switzerland	50%
Other investments	Nature of business	Registered office	Proportion of holding
Rhode Island Ave LLC	Property investment	21 Custome House Street, Boston, MA 02100, USA	20.7%
Monttoni01 GmbH	Property development		26.0%
Monttoni02 GmbH	Property development		27.5%
Monttoni03 GmbH	Property development	Sandbichlweg 4	28.9%
Monttoni04 GmbH	Property development	D - 83700 Kreuth-Oberhof	45.0%
Monttoni06 GmbH	Property development	Germany	30.0%
Monttoni07 GmbH	Property development		29.0%
Monttoni08 GmbH	Property development		31.56%

The registered office for all Monttoni investments is the address given above.

The class of shares held for all investments above is ordinary shares.

# Northumberland Estates Limited

## Notes to the financial statements Year ended 31 March 2023

### 13. Fixed asset investments (continued)

#### Company

	Investments in subsidiary companies £	Other fixed asset investments £	Investment in joint ventures £	Total £
<b>Cost or valuation</b>				
At 1 April 2022	28,936,998	99,994	2,311,751	31,348,743
Additions	100	554,308	-	554,408
Amounts written off	-	(99,994)	-	(99,994)
Share of profit/(loss)	-	-	(269)	(269)
At 31 March 2023	<u>28,937,098</u>	<u>554,308</u>	<u>2,311,482</u>	<u>31,802,888</u>

# Northumberland Estates Limited

## Notes to the financial statements Year ended 31 March 2023

### 13. Fixed asset investments (continued)

#### Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Registered office	Holding
Northumberland Estates Investments Limited	Quayside House, 110 Quayside, Newcastle upon Tyne, UK	100%
Northumberland Estates Developments Limited	Quayside House, 110 Quayside, Newcastle upon Tyne, UK	100%
Northumberland Estates 2007 Limited	Suite 5, 2nd Floor Bulman House, Regent Centre, Newcastle upon Tyne, UK	100%
Northumberland Estates Investments 3000 Limited	Quayside House, 110 Quayside, Newcastle upon Tyne, UK	100%
Arun Commercial Developments Limited	Suite 5, 2nd Floor Bulman House, Regent Centre, Newcastle upon Tyne, UK	100%
Swiss Land Estates SA	Rue Jacques-Grosselin 8, 1227 Carouge, Switzerland	100%
Weylands Investments Limited	Quayside House, 110 Quayside, Newcastle upon Tyne, UK	100%
Blyth Investments LLP*	Quayside House, 110 Quayside, Newcastle upon Tyne, UK	100%
Objekt Schwabach Investments GmbH**	Johannesstrasse 19, 70176, Stuttgart, Germany	100%
Tyne Investments Inc.**	251 Little Falls Drive, Wilmington, New Castle, Delaware 19808, USA	100%
German Land Estates GmbH**	Johannesstrasse 19, 70176, Stuttgart, Germany	100%
Swiss Land Development SA**	Rue Jacques-Grosselin 8, 1227 Carouge, Switzerland	100%
SLEnergy SA**	Rue Jacques-Grosselin 8, 1227 Carouge, Switzerland	100%
GD Group Limited***	Suite 5, 2nd Floor Bulman House, Regent Centre, Newcastle upon Tyne, UK	100%
Beam Estates Limited***	Suite 5, 2nd Floor Bulman House, Regent Centre, Newcastle upon Tyne, UK	100%
Bridge Court Holdings Limited***	Quayside House, 110 Quayside, Newcastle upon Tyne, UK	100%
Weylands Treatment Works Limited***	Quayside House, 110 Quayside, Newcastle upon Tyne, UK	100%
Northumberland Estates Renewables Limited	Quayside House, 110 Quayside, Newcastle upon Tyne, UK	100%

## **Northumberland Estates Limited**

### **Notes to the financial statements Year ended 31 March 2023**

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#### **13. Fixed asset investments (continued)**

##### **Subsidiary undertakings (continued)**

\* 50% owned by Northumberland Estates Limited and 50% held by Northumberland Estates Investments Limited, a subsidiary undertaking, such that it is 100% owned subsidiary of the group.

\*\* owned by Swiss Land Estates SA, a subsidiary undertaking, such that it is 100% owned by the group.

\*\*\* owned by Weylands Investments Limited, a subsidiary undertaking, such that it is 100% owned by the group.

Northumberland Estates Renewables Limited was incorporated on 1 April 2022. The company is 100% owned by Northumberland Estates Limited.

Arun Commercial Developments Limited, GD Group Limited, Beam Estates Limited and Weyland Treatment Works Limited are in the process of being liquidated post year end.

The class of shares held for all investments above is ordinary shares.

# Northumberland Estates Limited

## Notes to the financial statements Year ended 31 March 2023

### 14. Investment properties

#### Group

	Freehold investment property £	Long term leasehold investment property £	Total £
<b>Valuation</b>			
At 1 April 2022	209,100,059	73,111,309	282,211,368
Additions	13,209,904	152,723	13,362,627
Disposals	(272,473)	(1,500,000)	(1,772,473)
Revaluations	(13,698,382)	(2,073,975)	(15,772,357)
Transfers from stocks	3,131,414	-	3,131,414
Foreign exchange movement	7,489,783	-	7,489,783
<b>At 31 March 2023</b>	<b>218,960,305</b>	<b>69,690,067</b>	<b>288,650,362</b>

The company engaged Bradley Hall, an independent external expert, to determine the fair value at 31 March 2022. The directors have updated the valuations to be more representative of the conditions that existed as at 31 March 2023. Both valuations have been made in accordance with the RICS Appraisal and Valuation Manual.

If the investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2023 £	2022 £
Investment property	268,918,267	230,169,010

# Northumberland Estates Limited

## Notes to the financial statements Year ended 31 March 2023

### 14. Investment properties (continued)

#### Company

	Freehold investment property £	Leasehold investment property £	Total £
<b>Valuation</b>			
At 1 April 2022	40,551,633	25,403,977	65,955,610
Additions	4,613,928	82,311	4,696,239
Revaluations	(2,736,536)	(1,621,288)	(4,357,824)
Transfer from stocks	3,131,414	-	3,131,414
<b>At 31 March 2023</b>	<b>45,560,439</b>	<b>23,865,000</b>	<b>69,425,439</b>

The valuation of investment properties has been updated by the group's commercial property team, with reference to valuations carried out by Bradley Hall in 2022 on an open market basis.

### 15. Stocks

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Development sites	2,977,930	6,010,029	64,784	3,422,203

Stocks are stated after provisions of £nil (2022: £nil). Impairment losses totalling £nil (2022: £nil) were recognised in the profit and loss account.

# Northumberland Estates Limited

## Notes to the financial statements Year ended 31 March 2023

### 16. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	1,633,953	2,024,102	732,320	1,230,214
Amounts owed by subsidiary undertakings	-	-	95,491,545	77,775,296
Amounts owed by joint ventures	5,963,821	6,006,040	4,137,875	4,210,484
Amounts owed by related parties	29,358,184	29,818,773	18,534,919	21,458,180
Other debtors	20,875,408	18,140,659	7,230,529	6,756,472
Prepayments and accrued income	447,455	735,099	200,211	310,121
Corporation tax	1,726,652	2,608,808	1,723,318	1,099,860
	<u>60,005,473</u>	<u>59,333,481</u>	<u>128,050,717</u>	<u>112,840,627</u>

Included within other debtors is an amount of £1,326,195 (2022: £1,546,077) due after more than one year which relates to deferred consideration on the sale of a property in Switzerland. Trade debtors are stated after a provision of £203,276 (2022: £351,867). The net impairment charge for the year was £206,683 (2022: £155,830).

### 17. Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	<u>29,366,531</u>	<u>28,964,811</u>	<u>19,847,110</u>	<u>13,424,416</u>

### 18. Creditors: amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Loan notes	-	(68,986)	-	(68,986)
Bank loans	1,833,368	1,720,532	-	-
Trade creditors	1,024,295	1,404,319	197,419	472,978
Amounts owed to subsidiary undertakings	-	-	100	3,891,453
Other creditors	3,736,293	3,770,164	480,947	230,802
Amounts owed to related parties	5,285,682	2,156,611	3,253,254	-
Corporation tax	3,143,939	2,168,629	-	-
Accruals and deferred income	5,134,587	4,590,116	3,406,401	6,096,629
	<u>20,158,164</u>	<u>15,741,385</u>	<u>7,338,121</u>	<u>10,622,876</u>

# Northumberland Estates Limited

## Notes to the financial statements Year ended 31 March 2023

### 19. Creditors: amounts falling due after more than one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans and loan notes	164,140,910	164,071,926	164,140,911	164,071,926
Other loans	66,910,168	64,770,848	-	-
Amounts owed to related parties	1,500,000	1,500,000	1,500,000	1,500,000
Accruals and deferred income	-	1,214,572	-	-
	<u>232,551,078</u>	<u>231,557,346</u>	<u>165,640,911</u>	<u>165,571,926</u>

### 20. Loans

Analysis of the maturity of loans is given below:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
<b>Amounts falling due within one year</b>				
Loan notes	-	(68,986)	-	(68,986)
Bank loans	1,833,368	1,720,532	-	-
<b>Amounts falling due in 1-2 years</b>				
Loan notes	(68,986)	(68,986)	(68,986)	(68,986)
Bank loans	1,840,102	1,726,869	-	-
<b>Amounts falling due 2-5 years</b>				
Loan notes	19,873,043	19,833,044	19,873,044	19,833,044
Bank loans	10,938,303	10,972,113	-	-
<b>Amounts falling due after more than 5 years</b>				
Loan notes	144,336,853	144,307,868	144,336,853	144,307,868
Bank loans	54,131,763	52,071,866	-	-
	<u>232,884,446</u>	<u>230,494,320</u>	<u>164,140,911</u>	<u>164,002,940</u>

## **Northumberland Estates Limited**

### **Notes to the financial statements Year ended 31 March 2023**

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#### **20. Loans (continued)**

Within loans is an external loan in the form of bonds issued to investors. They comprise four bonds expiring in November 2040, November 2050, November 2054 and November 2060. The interest rate applied to the bonds is 2.15%, 2.09%, 2.07% and 2.10% respectively, and is paid semi-annually.

A cross guarantee with respect to the bonds has been provided by the company's subsidiary undertakings, shareholders and other related parties in the Northumberland Estates who are not part of the Northumberland Estates Limited Group.

Included within loans is an unsecured bank loan facility of £20 million that is due to be repaid on 31 March 2026. On 1 April 2022 the group and company fixed the interest rate to 4.40% per annum.

Included within bank loans are two loans totaling £8.5 million (€10.1 million) that are repayable in October 2024 and October 2026. Interest is charged at 1.60% and 1.10% plus SARON, and the loans are secured on German investment properties owned by the group.

Included within bank loans are two loans totalling £60.4 million (CHF 68.3 million) that are repayable in 2067. Interest is charged at SARON + 1.30% and the loans are secured on Swiss investment properties and Swiss development land owned by the group.

# Northumberland Estates Limited

## Notes to the financial statements Year ended 31 March 2023

### 21. Deferred taxation

#### Group

	2023 £	2022 £
At beginning of year	(12,189,284)	(5,038,924)
Credited/(charged) to profit or loss	2,353,827	(7,150,360)
At end of year	<u>(9,835,457)</u>	<u>(12,189,284)</u>

#### Company

	2023 £	2022 £
At beginning of year	(2,816,088)	771,361
Credited/(charged) to profit or loss	850,893	(3,587,449)
At end of year	<u>(1,965,195)</u>	<u>(2,816,088)</u>

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Timing differences	475,080	708,033	475,080	708,033
Tax losses carried forward	-	-	-	(539,172)
Fixed assets	(2,884,105)	(1,373,810)	(544,781)	(2,984,949)
Capital gains	(7,426,432)	11,523,507	(1,895,494)	-
	<u>(9,835,457)</u>	<u>(12,189,284)</u>	<u>(1,965,195)</u>	<u>(2,816,088)</u>

### 22. Share capital

	2023 £	2022 £
Allotted, called up and fully paid		
30,000,000 ordinary shares of £1.00 each	<u>30,000,000</u>	<u>30,000,000</u>

# Northumberland Estates Limited

## Notes to the financial statements Year ended 31 March 2023

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### 23. Related party transactions

The group has taken advantage of the exemption as provided by paragraph 33.1A of FRS 102 not to disclose transactions with wholly owned subsidiaries.

Key management personnel comprises the directors and members of senior management. Total key management personnel remuneration for the year was £1,020,440 (2022: £753,773).

At 31 March 2023 there was one loan of £1,500,000 (2022 - £1,500,000) with the 12th Duke 1997 Maintenance Fund which bears interest at a rate of 5% per annum and the interest for the year was £74,260 (2022 - £74,795), this loan is repayable upon demand from the lender and in any event no later than 31 October 2027 or at the option of the lender the outstanding balance could be converted into preference shares of the company. At the 31 March 2023 the group also owed £16,416 (2022 - £nil), transactions, in the normal course of business, entered in the year with the group and the trust amounted to of £455,258 (2022 - £325).

At 31 March 2023 the group was owed £18,489,708 (2022 - £18,550,599) from Tynemouth Developments Limited, a company that a shareholder has investment in. From 1 April 2021 interest is being charged on this and the interest received in the year was £744,594 (2022 - £715,090). Other transactions entered into by the group with company amounted to £24,192 (2022 - £24,761).

At 31 March 2023 the group owe £251 (was owed - £17,447) to Crowther Partnership LLP, a limited liability partnership that a shareholder is a member. This amount was in relation to payments made on behalf of Crowther Partnership LLP. Transactions in the normal course of business within the year between the company and the partnership amount to £nil (2022 - £1,028).

Amounts owed by joint ventures at 31 March 2023 to the group was £5,905,983 (2022 - £6,005,983) which represents balances due from the group's joint venture partner Regen (North East) Limited of £170,000 (repayable on demand and interest is charged at prevailing market rates) and Prudhoe Estates LLP of £5,735,982 (repayable on demand and interest is charged at prevailing market rates). Interest due in the year from Regen (North East) amounted to £12,420 (2022 - £12,420). Interest due in the year from Prudhoe Estates LLP amounted to £229,442 (2022 - £224,416). Other transactions occurring in the normal course of business amount to £nil (2022 - £nil).

At 31 March 2023 the group owe £1,911,354 (2022 - £88,075) to the 9th Duke Will Trust, which is a related party who is not wholly owned, in relation to transactions which are in the normal course of business. Transactions in the normal course of business that was incurred in the year by the company to the trust amounted to £77,242 (2022 - £2,666,906).

At 31 March 2023 the group owe Alnwick Castle Enterprises £342 (2022 - £577) which is not part of the Northumberland Estates Limited statutory group, and entered into transactions in the normal course of business which amounted to £7,124 (2022 - £5,860).

At 31 March 2023 the group was owing £119,877 (2022 - £1,450,223) to Earl Percy Northern Estates which is not part of the Northumberland Estates Limited statutory group. Transactions, in the normal course of business, entered in the year with the group and the trust amounted to of £635,534 (2022 - £1,086,103).

At 31 March 2023 the group was owed £nil (2022 - £254) by Earl Percy Southern Estates which is not part of the Northumberland Estates Limited statutory group. Transactions, in the normal course of business, entered in the year with the group and the trust amounted to £nil (2022 - £nil).

At 31 March 2023 the group owed £22,410 (2022 was owed - £693,909) to The 10th Duke 1972 Settlement trust, which is not part of the Northumberland Estates Limited statutory group. Transactions, in the normal course of business, entered in the year with the group and the trust amounted to £1,187 (2022 - £28,580).

## Northumberland Estates Limited

### Notes to the financial statements Year ended 31 March 2023

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At 31 March 2023 the group was owed £582 (2022 - £nil) to The 10th Dukes Marriage Settlement trust, which is not part of the Northumberland Estates Limited statutory group. Transactions, in the normal course of business, entered in the year with the group and the trust amounted to £nil (2022 - £nil).

At 31 March 2023 the group was owed £nil (2022 - £212) by Burncastle Farming, which is not part of the Northumberland Estates Limited statutory group. Transactions, in the normal course of business, entered in the year with the group and the trust amounted to £nil (2022 - £212).

At 31 March 2023 the group was owed £nil (2022 - £1,977,027) in relation to a loan to Northern Commercial Properties Limited. Interest received in the year had amounted to £64,367 (2022 - £nil). Capital repayment repaid in the year amounted to £5,221,907.

At 31 March 2023 the group was owed £nil (2022 - £148) by Trading Enterprises Albury Limited, which is not part of the Northumberland Estates Limited statutory group. Transactions, in the normal course of business, entered in the year with the group and the trust amounted to £nil (2022 - £1,250).

At 31 March 2023 the group was owed £nil (2022 - £118) by Northern Fortress, which is not part of the Northumberland Estates Limited statutory group. Transactions, in the normal course of business, entered in the year with the group and the company amounted to £nil (2022 - £nil).

At 31 March 2023 the group was owed £908 (2022 - £nil) by Wynyard Homes Limited, a company in which a shareholder has an investment in. Transactions, in the normal course of business, entered in the year with the company and the trust amounted to £nil (2022 - £nil).

At 31 March 2023 the group was owing £nil (2022 - £360) to Lord Max, transactions related to services provided by Lord Max and repayable by the group. Transactions were entered into in the normal course of business with the trust, and amounted to £nil (2022 - £360).

#### 24. Commitments under operating leases as a lessor

At 31 March 2023 the group and the company had future minimum lease receipts due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Less than one year	20,568,773	15,681,446	4,876,428	8,948,869
Within two to five years	52,687,408	43,260,305	13,808,595	25,859,863
After five years	58,056,855	52,759,358	15,289,705	29,247,612
	<u>131,313,036</u>	<u>111,701,109</u>	<u>33,972,728</u>	<u>64,056,344</u>

# **Northumberland Estates Limited**

## **Notes to the financial statements Year ended 31 March 2023**

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### **25. Reserves**

#### **Other reserve**

This reserve relates to the group's subsidiary - Swiss Land Estates SA. Under Switzerland corporate law 5% of the Switzerland company's annual net income must be allocated to the legal reserve until this legal reserve equals 20% of the Switzerland company's issued and outstanding aggregate par value share capital. At 31 March 2023 this percentage amounted to 1% (2022: 1%). A resolution to allocate 5% current year profits will be put to the members at the Annual general meeting. This legal reserve represents an appropriation of retained earnings and is not available for distribution.

#### **Translation reserve**

This reserve records the translating of the financial statements of foreign subsidiaries from the functional currency into the presentational currency using the exchange rate at the balance sheet date and gains and losses arising on these translations are taken to reserves.

#### **Investment property revaluation reserve**

This reserve is used to record increases in the fair value of investment properties and decreases to the extent that such decrease relates to an increase on the same asset. To the extent that a property has a fair value below cost that decrease is shown within the profit and loss reserve.

#### **Profit and loss account**

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

### **26. Contingent liabilities**

The company and various subsidiaries are party to a cross guarantee with respect to loan notes issued to investors. Loan notes were issued in November 2020 for a total value of £200m and at 31 March 2023 and 31 March 2022 the potential liability with respect to this guarantee amounted to £55m. Of the £200m loan notes, there is £145m disclosed as a liability in these accounts (2022: £145m).

### **27. Controlling party**

The controlling parties at 31 March 2023 are Trustees of the 10th Duke of Northumberland's 1972 Settlement and Trustees of the Will of The 9th Duke of Northumberland, by virtue of their majority shareholding.