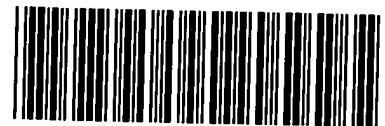


Northumberland Estates Developments Limited

Annual report

31 March 2023

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Northumberland Estates Developments Limited

Company information

Directors	Colin Leslie Barnes Clare Ingle The Duke of Northumberland Roderick Charles St John Wilson
Registered number	06020738
Registered office	Quayside House Suite 4 Northumberland Estates 110 Quayside Newcastle upon Tyne NE1 3DX
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE

Northumberland Estates Developments Limited

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Northumberland Estates Developments Limited

Directors' report Year ended 31 March 2023

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

Directors

The directors who served during the year up to the date of signing the financial statements were:

Colin Leslie Barnes
Clare Ingle
The Duke of Northumberland
Roderick Charles St John Wilson

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'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'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.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on *13 September 2023* and signed on its behalf by:



Clare Ingle
Director

Northumberland Estates Developments Limited

Directors' responsibilities statement Year ended 31 March 2023

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 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;
- 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 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 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 Developments Limited

Opinion

We have audited the financial statements of Northumberland Estates Developments Limited (the 'company') for the year ended 31 March 2023, which comprise the statement of comprehensive income, the balance sheet, the 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 company's affairs as at 31 March 2023 and of its loss 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 company 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 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 Developments 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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.



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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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 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 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.

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 company's legal correspondence and we discussed with the directors and other management the policies and procedures in place regarding compliance with the laws and regulations. We communicated identified laws and regulations throughout our audit team and remained alert to any indications of non-compliance throughout the audit.

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

Secondly, the company 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 or litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the company'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 Developments Limited (continued)

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

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.

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 Developments Limited

Statement of comprehensive income Year ended 31 March 2023

	2023 £	2022 £
Profit and loss account		
Turnover	600,000	7,891,758
Gross profit	600,000	7,891,758
Administrative expenses	(1,295,275)	(7,789,551)
Operating (loss)/profit	(695,275)	102,207
Profit on sale of development sites	136,393	291,519
Interest receivable and similar income	8,687	404
(Loss)/profit before tax	(550,195)	394,130
Tax on (loss)/profit	799,642	(44,376)
Profit for the financial year	249,447	349,754

There was no other comprehensive income for 2023 (2022: £nil).

The notes on pages 10 to 14 form part of these financial statements.

Northumberland Estates Developments Limited

Balance sheet At 31 March 2023

	Note	2023 £	2022 £
Fixed assets			
Investment property	5	396,574	396,574
		<u>396,574</u>	<u>396,574</u>
Current assets			
Stocks		-	506,326
Debtors	6	24,305,866	24,522,772
Cash at bank and in hand		460,383	488,531
		<u>24,766,249</u>	<u>25,517,629</u>
Creditors: amounts falling due within one year	7	(24,185,875)	(12,186,702)
Net current assets		<u>580,374</u>	<u>13,330,927</u>
Total assets less current liabilities		<u>976,948</u>	<u>13,727,501</u>
Net assets		<u><u>976,948</u></u>	<u><u>13,727,501</u></u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		976,947	13,727,500
Total equity		<u><u>976,948</u></u>	<u><u>13,727,501</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2023.



Clare Ingle
Director

Company registered number: 06020738

The notes on pages 10 to 14 form part of these financial statements.

Northumberland Estates Developments Limited

Statement of changes in equity Year ended 31 March 2023

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2021	1	13,377,746	13,377,747
Profit and total comprehensive income for the year	-	349,754	349,754
At 1 April 2022	1	13,727,500	13,727,501
Profit and total comprehensive income for the year	-	249,447	249,447
Dividends paid	-	(13,000,000)	(13,000,000)
At 31 March 2023	1	976,947	976,948

The notes on pages 10 to 14 form part of these financial statements.

Northumberland Estates Developments Limited

Notes to the financial statements Year ended 31 March 2023

1. General information

Northumberland Estates Developments Limited ('the company') is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England and Wales. The registered office is Quayside House Suite 4, Northumberland Estates, 110 Quayside, Newcastle upon Tyne, NE1 3DX.

2. Statement of compliance

The financial statements have been prepared in accordance with United Kingdom Accounting Standards, including Section 1A of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102'), and the Companies Act 2006.

3. 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.

3.1 Basis of preparation

These financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling and rounded to the nearest pound.

3.2 Going concern

The directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the parent undertaking, Northumberland Estates Limited. The directors have received confirmation that Northumberland Estates Limited intends to support the company for a period of at least one year after the date of signing these financial statements. 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.

3.3 Revenue recognition

Rental income

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 company 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.

Incentives given to sign an operating lease are charged to the income statement and retained earnings to recognise rental income on a straight line basis over the period of the operating lease.

Northumberland Estates Developments Limited

Notes to the financial statements Year ended 31 March 2023

3. Accounting policies (continued)

3.3 Revenue recognition

Development site sales

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 a 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.

3.4 Foreign currency

The company's functional currency is the pound sterling.

Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. Foreign exchange gains and losses are recognised in the profit and loss account.

3.5 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 income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences arise from the inclusion of transactions and events in the financial statements in periods different from those in which they are assessed for tax.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

3.6 Investment properties

Investment properties are measured at fair value at each reporting date, with any changes in fair value recognised in the profit and loss account. Investment properties are not depreciated.

Northumberland Estates Developments Limited

Notes to the financial statements Year ended 31 March 2023

3. Accounting policies (continued)

3.7 Stocks - development land

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

Land held for development, including land in the course of development until legal completion of the sale of the asset, is initially recorded at cost. Options purchased in respect of land are capitalised initially at cost. Regular reviews are carried out for impairment in the value of land acquired and options to purchase land and provisions made accordingly reflect loss of value.

3.8 Financial instruments

The company 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 and loans to or from related parties, including fellow group companies.

All such instruments are due within one year and are measured, initially and subsequently, at the transaction price.

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.

3.9 Dividends

Dividends are recognised as a liability in the financial statements in the period in which they are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

4. Directors' remuneration and staff costs

There are no persons holding service contracts with the company. None of the directors received any remuneration from the company during the year (2022: £nil). The apportionment of time spent by directors and staff is not separately recorded and no cost has been allocated in this regard.

Northumberland Estates Developments Limited

Notes to the financial statements Year ended 31 March 2023

5. Investment properties

£

Valuation

396,574

At 1 April 2022 and 31 March 2023

Investment properties were subject to an external valuation in 2022 by Bradley Hall Chartered Surveyors & Estate Agents. The valuations were prepared on the basis of open market value and were made in accordance with RICS Valuation - Global Standards 2022. These valuations have been updated by the directors to 31 March 2023.

Investment property if included on an historical cost basis would be stated at:

	2023 £	2022 £
Investment properties	396,574	396,574

6. Debtors

	2023 £	2022 £
Trade debtors	30,767	38,840
Other debtors	12,784	-
Amounts owed by group undertakings	22,489,584	22,479,792
Amounts owed by related parties	-	4,191
Amounts owed by joint ventures	1,725,031	1,725,031
Northumberland Estates Inter Trust Account	-	224,152
Prepayments and accrued income	6,997	6,674
Deferred taxation	40,703	44,092
	24,305,866	24,522,772

Prior year figures have been restated to correctly include deferred taxation of £44,092 within debtors rather than deferred tax liability on the face of the balance sheet.

Northumberland Estates Developments Limited

Notes to the financial statements Year ended 31 March 2023

7. Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	30,778	86,723
Amounts owed to group undertakings	23,909,343	10,811,601
Amounts owed to related parties	494	-
Accruals and deferred income	245,260	414,059
Corporation tax	-	874,319
	<u>24,185,875</u>	<u>12,186,702</u>

8. Contingent liabilities

The company is party to a cross guarantee with respect to loan notes issued to investors. Loan notes for the value of £145 million were issued to Northumberland Estates Limited and £55 million to the Trustees of the Will of The 9th Duke of Northumberland in November 2020 and at 31 March 2023 and 31 March 2022 the potential liability with respect to this guarantee amounted to £200,000,000 (2022 as restated: £200,000,000).

9. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is Northumberland Estates Limited, a company registered in the United Kingdom and in England. The group financial statements of Northumberland Estates Limited can be obtained from company registered address at 110 Quayside, Newcastle upon Tyne, NE1 3DX.

The Duke of Northumberland is regarded as the ultimate controlling party at 31 March 2023 as he is a shareholder and a trustee of various trusts in the Traditional Estate that own shares in the company.