

Registration number: 07813088

Hargreaves Land Limited

Annual Report and Financial Statements

for the Year Ended 31 May 2022

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Hargreaves Land Limited

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Hargreaves Land Limited

Company Information

Directors	G Banham Hargreaves Corporate Director Limited I Slater D Anderson J Ramsbotham
Registered office	West Terrace Esh Winning County Durham DH7 9PT
Independent auditors	PricewaterhouseCoopers LLP 5th and 6th Floor Central Square South Orchard Street Newcastle upon Tyne NE1 3AZ

Hargreaves Land Limited

Strategic Report for the Year Ended 31 May 2022

The directors present their report for the year ended 31 May 2022.

Fair review of the business

The Company's principal activity is the development, regeneration and promotion of brownfield land as well as the restoration of surface mines. As of July 2020, the Company ceased all coal mining operations.

The results for the Company show a profit before tax of £541,000 (2021: profit of £879,000) for the year and turnover of £1,713,000 (2021: £6,430,000).

Business model

The Company is part of a group that delivers key projects and services in the industrial and property sectors throughout the UK and overseas. The Company implements sensitive aftercare programmes to help ensure individual landscapes are returned to their original state or improved in some cases for the benefit and enjoyment of local communities. As of July 2020 the Company ceased all coal mining operations.

Key financial performance indicators

The company's key financial and other performance indicators during the year were as follows:

	Unit	2022	2021
Turnover	£m	1.71	6.43
Gross margin	%	84.76	16.03
Profit before tax/turnover	%	31.58	13.67

In addition there are a number of further key performance indicators which are used to measure the business on a more detailed basis, including:

- ☐ Health and safety incidents;
- ☐ Approved planning plots;
- ☐ Gross development value of land assets.

Principal risks and uncertainties

The risks and uncertainties facing the Company are inherently linked to those of the Hargreaves Services plc group. The principal risks and uncertainties of the group which includes those of this company are discussed in detail in the 'Risk Management' section in the Group financial statements.

Those that have particular importance for this company are:

- ☐ Contractual Risk
- ☐ Recruitment & Retention of Key Individuals
- ☐ Regulatory & Legislative Compliance
- ☐ Sudden Decline in Markets (particularly coal)
- ☐ Environmental Risk
- ☐ Fraud
- ☐ IT Security

Hargreaves Land Limited

Strategic Report for the Year Ended 31 May 2022 (continued)

Current trading and outlook

The Directors decided that it was appropriate to cease coal mining from July 2020. Following a period of restoration and aftercare activities the Company will represent a simplified property and land developer. The Covid-19 pandemic adversely impacted activity in the year ended 31 May 2020, however no material impact was sustained in the years ended 31 May 2021 and 31 May 2022 and the Board does not anticipate any further adverse impact looking forward.

The Company is now managing the Property portfolio for the Hargreaves Services plc group, in which the directors have seen substantial progress over the last 12 months. Several major contracts have been exchanged with completion expected in the coming year.

Approved by the Board on 26 July 2022 and signed on its behalf by:



.....
John Samuel for and on behalf of
Hargreaves Corporate Director Limited
Director

Hargreaves Land Limited

Directors' Report for the Year Ended 31 May 2022

The directors present their report and the audited financial statements for the year ended 31 May 2022.

Dividends

The directors do not recommend the payment of a dividend (2021: £nil)

Directors of the company

The directors of the company, who were in office during the year and up to the date of signing the financial statements, were as follows:

G Banham

Hargreaves Corporate Director Limited

I Slater

D Anderson

J Ramsbotham

Employment of disabled persons

Applications for employment by disabled persons are always fully considered. Employment policies are designed to provide opportunities irrespective of colour, ethnic or national origin, nationality, sex or marital status. In the event of employees becoming disabled every effort is made, including appropriate training, to ensure that their employment with the company continues.

Employee involvement

The directors recognise the importance of good communications and good relations with employees.

Directors' interests in shares

No director had a beneficial interest in the share capital of any subsidiary of Hargreaves Services plc. Except as disclosed below, no director (other than those whose interests are disclosed in the financial statements of Hargreaves Services plc) had interests in the share capital of Hargreaves Services plc.

No director (other than those whose interests are disclosed in the financial statements Hargreaves Services plc) was granted, or exercised, any options to subscribe in the shares of Hargreaves Services plc during the year ended 31 May 2022 (2021: £nil).

Directors' liabilities

All of the Directors benefited from the Group's qualifying third party indemnity provisions.

Hargreaves Land Limited

Directors' Report for the Year Ended 31 May 2022 (continued)

Going concern

The Company relies on the Group for support. Hargreaves Services plc has provided a letter of support covering 12 months from the date the accounts were approved by the directors.

Hargreaves Services plc has indicated it will continue to make available such funds as are needed by the company, and that it will not seek repayment of the amounts due at the balance sheet date.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its ultimate parent company, Hargreaves Services plc, to meet its liabilities as they fall due for that period.

The Group's financing is no longer dependent on bank borrowings, there is no longer any debenture nor any financial covenants to comply with. Notwithstanding that, a rigorous review of cash flow forecasts including testing for a range of severe but plausible downside scenarios has been undertaken. These sensitivities include testing without utilising the Group's £12m invoice discounting facility which was put in place on 27 July 2021. The facility is secured against certain Group debtors and there is no debenture nor any covenants associated with this facility. Mitigating strategies to these sensitivities considered by the Board exclude any remedies which are not entirely within the Group's control.

As a result, and after making appropriate enquiries including reviewing budgets and strategic plans, the Directors have a reasonable expectation that both the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing the Annual Report and Accounts of Hargreaves Services plc.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 26 July 2022 and signed on its behalf by:



.....
John Samuel for and on behalf of
Hargreaves Corporate Director Limited
Director

Hargreaves Land Limited

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 26 July 2022 and signed on its behalf by:



.....
Hargreaves Corporate Director Limited
Director

Independent auditors' report to the members of Hargreaves Land Limited

Report on the audit of the financial statements

Opinion

In our opinion, Hargreaves Land Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 May 2022; the Profit and Loss Account; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Independent auditors' report to the members of Hargreaves Land Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 May 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Independent auditors' report to the members of Hargreaves Land Limited (continued)

Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health & safety regulations and environmental regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to the profit and loss account, or through management bias in manipulation of accounting estimates. Audit procedures performed by the engagement team included:

- Inquiry of management and those charged with governance around actual and potential litigation claims;
- Review minutes of meetings of those charged with governance;
- Reviewing financial statements disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing legal expenditure in the year to identify potential non-compliance with laws and regulations;
- Identifying and testing journal entries, in particular any journal entries with unusual account combinations; and
- Challenging assumptions and judgements made by management in their significant accounting estimates and consideration of the impact of COVID-19 on going concern.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Hargreaves Land Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Mark Dawson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
26 July 2022

Hargreaves Land Limited

Profit and Loss Account for the Year Ended 31 May 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	1,713	6,430
Cost of sales		<u>(261)</u>	<u>(5,399)</u>
Gross profit		1,452	1,031
Administrative expenses		(1,654)	(3,205)
Other income	6	548	3,487
Other operating income	5	<u>200</u>	<u>-</u>
Operating profit	6	546	1,313
Interest receivable and similar income	7	-	29
Interest payable and similar expenses	8	<u>(5)</u>	<u>(463)</u>
Profit before tax		541	879
Tax on profit	12	<u>(3,112)</u>	<u>697</u>
(Loss)/profit for the financial year		<u><u>(2,571)</u></u>	<u><u>1,576</u></u>

The above results were derived from continuing operations.

The notes on pages 15 to 39 form an integral part of these financial statements.

Hargreaves Land Limited

Statement of Comprehensive Income for the Year Ended 31 May 2022

	2022 £ 000	2021 £ 000
(Loss)/profit for the year	<u>(2,571)</u>	<u>1,576</u>
Items that may be reclassified subsequently to profit or loss		
Unrealised gain on cash flow hedges before tax	-	67
Income tax effect	<u>-</u>	<u>(13)</u>
	-	54
Total comprehensive income/(expense) for the year	<u><u>(2,571)</u></u>	<u><u>1,630</u></u>

The notes on pages 15 to 39 form an integral part of these financial statements.

Hargreaves Land Limited
(Registration number: 07813088)
Balance Sheet as at 31 May 2022

		(As restated)	
	Note	31 May 2022 £ 000	31 May 2021 £ 000
Fixed assets			
Investments	13	3,144	3,144
Tangible assets	14	1,323	1,437
Right of use assets	16	123	106
Investment properties	15	2,454	2,493
Deferred tax assets	12	-	3,024
		<u>7,044</u>	<u>10,204</u>
Current assets			
Stocks	17	738	326
Debtors	18	4,084	8,217
Cash at bank and in hand		-	1,067
		<u>4,822</u>	<u>9,610</u>
Creditors: Amounts falling due within one year	19, 20	<u>(26,998)</u>	<u>(32,459)</u>
Net current liabilities		<u>(22,176)</u>	<u>(22,849)</u>
Total assets less current liabilities		(15,132)	(12,645)
Creditors: Amounts falling due after more than one year	19, 20	(80)	(71)
Provisions for liabilities	12	<u>(38)</u>	<u>-</u>
Net liabilities		<u>(15,250)</u>	<u>(12,716)</u>
Capital and reserves			
Capital contribution reserve		364	327
Hedging reserve		(402)	(402)
Profit and loss account		<u>(15,212)</u>	<u>(12,641)</u>
Shareholders' deficit		<u>(15,250)</u>	<u>(12,716)</u>

The comparative balance sheet has been restated to increase investment properties by £434,000 (see note 15) and reduce trading properties within stocks by £434,000 (see note 17).

These financial statements on pages 15 to 39 were approved by the Board on 26 July 2022 and signed on its behalf by:



John Samuel for and on behalf of
Hargreaves Corporate Director Limited
Director

The notes on pages 15 to 39 form an integral part of these financial statements.

Hargreaves Land Limited

Statement of Changes in Equity for the Year Ended 31 May 2022

	Called up share capital £ 000	Capital contribution reserve £ 000	Cash flow hedging reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 June 2020	-	301	(456)	(14,217)	(14,372)
Profit for the year	-	-	-	1,576	1,576
Unrealised gain or loss on cash flow hedges	-	-	67	-	67
Income tax effect	-	-	(13)	-	(13)
Total comprehensive income	-	-	54	1,576	1,630
Share based payment transactions	-	26	-	-	26
At 31 May 2021	-	327	(402)	(12,641)	(12,716)
	Called up share capital £ 000	Capital contribution reserve £ 000	Cash flow hedging reserve £ 000	Retained earnings £ 000	Total £ 000
At 1 June 2021	-	327	(402)	(12,641)	(12,716)
Loss for the year	-	-	-	(2,571)	(2,571)
Total comprehensive income	-	-	-	(2,571)	(2,571)
Share based payment transactions	-	37	-	-	37
At 31 May 2022	-	364	(402)	(15,212)	(15,250)

The notes on pages 15 to 39 form an integral part of these financial statements.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022

1 General information

The company is a private company limited by share capital, incorporated and domiciled in England within the UK.

The address of its registered office is:

West Terrace
Esh Winning
County Durham
DH7 9PT

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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 years presented, unless otherwise stated. The financial statements are presented in Sterling.

The Company has restated the May 2021 balance sheet in relation to the reclassification of certain trading properties as investment properties which are held for capital appreciation and rental purposes. The FRS 101 disclosure exemption to present a third balance sheet at the start of the comparative period has been taken as the impact of the restatement is not considered to be qualitatively material to users of the accounts.

Basis of preparation

These financial statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and are prepared under the historic cost modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Hargreaves Services plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

Going concern

The financial statements have been prepared on a going concern basis.

The company has net current liabilities of £22,176,000 (2021: £22,849,000 net current liabilities) including a £25,261,000 (2021: £30,443,000) creditor due to group undertakings. The company meets its day to day working capital requirements through support from related companies and the company's parent undertaking, Hargreaves Services plc, has indicated that it will continue to provide support to enable the company to trade for at least 12 months from the date of approval of these accounts.

The directors have prepared group cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the group will have sufficient funds, to meet its liabilities as they fall due for that period.

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

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 June 2021 have had a material effect on the financial statements.

Revenue recognition

Recognition

The company earns revenue from the sale of land. This revenue is recognised at a point in time in the accounting period when control of the land and properties has passed, typically on legal completion when legal title has transferred. It is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers. The company also earns revenue from the provision of services relating to rental income. This revenue is recognised over time in the accounting period when the services are rendered at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to customers.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

The main performance obligation to customers represents the transfer of title/contract exchange. Due to the nature of the business judgements made in evaluating when control has passed are limited.

The entity also earns revenue from rental income of which is recognised on a straight-line basis over the lease term.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

Transaction price

The transaction price is measured based on the consideration specified in the contract and excludes any amounts collected on behalf of third parties. In circumstances where consideration is not clearly defined in the contract, the turnover is subject to variability. When turnover is variable, the Company estimates the amount of consideration to be recovered. Turnover is only recognised to the extent that it is highly probable that a significant reversal in a future period will not occur. When an amendment to an existing contract arises, the Company reviews the nature of the modification and whether or not it reflects a separate or new performance obligation to be satisfied, or whether it is an amendment to an existing performance obligation.

Turnover is measured excluding value added tax, for land and services supplied to external customers in line with the fulfilment of contractual performance obligations. All directly attributable expenses in respect of land supplied and services provided are recognised in the profit and loss account in the period to which they relate. The Company does not expect to have any contracts where the period between the transfer of the promised Land or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust its transaction price for the time value of money.

Government grants

The Company has received UK Government monies under the Coronavirus Job Retention Scheme, as this scheme involves the transfer of resources from the UK Government to the Company this is considered to be a government grant. The scheme is intended to compensate for staff costs and therefore amounts received are recognised in the profit and loss account over the same period to which the staff costs relate. The income received is presented net of the staff costs within the profit and loss account.

Finance income and costs policy

Net financing costs comprise interest payable, finance charges on leases and interest receivable on funds invested net of the interest on the defined benefit pension scheme liability. This is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability.

Interest income and interest payable is recognised in the Income Statement as it accrues, using the effective interest method. Dividend income is recognised in the Income Statement on the date the entity's right to receive payment is established.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and assets under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold buildings and leasehold improvements	2-4% per annum straight line
Motor vehicles and plant	10-33% per annum straight line
Furniture, fittings and equipment	15-25% per annum straight line
Freehold land	Not depreciated

Depreciation of right of use assets is based on the same categorisation as above using the straight-line method over the shorter of the estimated life of the asset or the lease term.

Investment property

Investment properties are properties which are held either to earn rental income, capital appreciation, or both. Investment properties are stated at cost less accumulated depreciation and impairment. Investment properties are not remeasured to fair value at each reporting date, however, a review for impairment is carried out at each reporting date, giving consideration to the fair value of the property. An impairment is recognised when the fair value of the property is lower than the book value.

Land is not depreciated.

Investments

Investments in subsidiary undertakings are stated at cost less any impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade debtors

Trade debtors are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtor is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

Stock

Stocks are stated at the lower of cost and net realisable value. The cost of raw materials, consumables and goods purchased for resale is determined using the weighted average purchase price method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Defined contribution pension obligation

The company operates a defined contribution group personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

Share based payments

The share option programme allows employees to acquire shares of the parent company, Hargreaves Services plc.

The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vesting.

Where the company's parent grants rights to its equity instruments to the company's employees, which are accounted for as equity-settled in the consolidated accounts of the parent, the company accounts for these share based payments as equity-settled.

Financial instruments

Initial recognition

Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

All regular way purchases and sales of financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") are recognised on the trade date, i.e. the date on which the company commits to purchase or sell the financial assets or financial liabilities. All regular way purchases and sales of other financial assets and financial liabilities are recognised on the settlement date, i.e. the date on which the asset or liability is received from or delivered to the counterparty. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the time frame generally established by regulation or convention in the market place.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

2 Accounting policies (continued)

Classification and measurement

Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:-

Financial assets are classified into one of the following three categories:-

- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income (FVTOCI); or
- financial assets at fair value through the profit or loss (FVTPL).

Financial liabilities are classified into one of the following two categories:-

- financial liabilities at amortised cost; or
- financial liabilities at fair value through the profit or loss (FVTPL).

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:-

Derecognition

Financial assets

The company derecognises a financial asset when;

- the contractual rights to the cash flows from the financial asset expire,
- it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received is recognised as a gain or loss in the profit or loss.

Financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

Deferred tax asset (estimate) - prior year

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. The carrying value of the deferred tax asset as at 31 May 2022 is £nil (2021: £3.0m).

Carrying value of investments (estimate)

The assessment of impairment involves assumptions on the estimated future operating cash flows from these investments, the discount rate applied in the calculations and the comparison of the cash flows to the carrying value of the investments. Management have assessed the sensitivity of carrying amounts of investments to reasonably possible changes in key assumptions. The carrying value of the investments as at 31 May 2022 is £3,144,000 (2021: £3,144,000).

Carrying value of work in progress inventory (estimate)

There is often estimation involved in forecasting future costs to complete and selling prices which can be affected by market conditions and unexpected events. In determining the carrying value the Directors consider previous experience, communications with suppliers and market trends in forming their opinion. Where necessary third party advice is taken. The carrying value of work in progress inventory as at 31 May 2022 is £738,000 (2021: £316,000).

Valuation of land (estimate)

Land held for development, including land in the course of development until legal completion of the sale of the asset, is carried at the lower of cost and net realisable value. Regular reviews are carried out to identify any impairment in the value of the land by comparing the total estimated selling prices less estimated selling expenses against the book cost of the land plus estimated costs to complete. Net realisable value represents the estimated selling price (in the ordinary course of business) less all estimated costs of completion and overheads. Valuations of site/phase work in progress are carried out at regular intervals and estimates of the cost to complete a site/phase and estimates of anticipated revenues are required to enable a development profit to be determined. Management are required to employ judgement in estimating the profitability of a site/phase and in assessing any impairment provisions which may be required.

There are no material judgements made by the directors, in the application of these accounting policies that are expected to have a significant effect on the financial statements or any estimates with a significant risk of material adjustment in the next year.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

4 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2022 £ 000	2021 £ 000
Sale of Land	260	6,219
Rendering of services	441	-
Rental income from investment property	1,012	211
	<u>1,713</u>	<u>6,430</u>

The analysis of the company's turnover for the year by class of business is as follows:

	2022 £ 000	2021 £ 000
At a point in time	260	6,219
Over time	1,453	211
	<u>1,713</u>	<u>6,430</u>

The analysis of the company's turnover for the year by market is as follows:

	2022 £ 000	2021 £ 000
UK	<u>1,713</u>	<u>6,430</u>

5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2022 £ 000	2021 £ 000
Management charge for services provided	<u>200</u>	<u>-</u>

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

6 Operating profit

Arrived at after charging/(crediting)

	2022 £ 000	2021 £ 000
Depreciation expense	8	700
Depreciation on right of use assets - machinery	36	86
Depreciation on right of use assets - property	35	23
Impairment reversal relating to amounts due from subsidiary undertakings	(189)	-
Profit on disposal of property, plant and equipment	(10)	(512)
Expense on short term leases (over one month)	12	193
Expense on low value leases	15	110
Gain or loss from sales of investment properties	(538)	(3,137)
Gain (loss) on disposal of right of use assets	<u>-</u>	<u>162</u>

Other income relates to the gain on disposal of property, plant and equipment, right of use assets and investment properties of £548,000 (2021: £3,487,000).

7 Interest receivable and similar income

	2022 £ 000	2021 £ 000
Interest income on bank deposits	<u>-</u>	<u>29</u>

8 Interest payable and similar expenses

	2022 £ 000	2021 £ 000
Interest on bank overdrafts and borrowings	-	422
Interest expense on leases	<u>5</u>	<u>41</u>
	<u>5</u>	<u>463</u>

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

9 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Note	2022 £ 000	2021 £ 000
Wages and salaries		1,370	2,610
Social security costs		186	358
Pension costs, defined contribution scheme	24	101	121
Share-based payment expenses	25	37	26
		<u>1,694</u>	<u>3,115</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2022 No.	2021 No.
Production	16	47
Administration and support	9	11
Directors	<u>2</u>	<u>2</u>
	<u>27</u>	<u>60</u>

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

10 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022 £ 000	2021 £ 000
Remuneration	618	524
Contributions paid to money purchase schemes	50	51
	<u>668</u>	<u>575</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022 No.	2021 No.
Received or were entitled to receive shares under long term incentive schemes	2	2
Accruing benefits under defined benefit pension scheme	3	2
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>2</u>

The remuneration of certain directors in the year was borne by a fellow subsidiary undertaking of the ultimate parent company, Hargreaves Services plc, and the details of that remuneration are disclosed in Hargreaves Services plc's accounts.

In respect of the highest paid director:

	2022 £ 000	2021 £ 000
Remuneration	322	420
Benefits under long-term incentive schemes (excluding shares)	142	-
Company contributions to money purchase pension schemes	45	45

During the year the highest paid director exercised share options.

11 Auditors' remuneration

	2022 £ 000	2021 £ 000
Audit of the financial statements	<u>27</u>	<u>40</u>

Amounts receivable by the Company's auditors in respect of services to the Company and their associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Hargreaves Services plc.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

12 Tax on profit/(loss)

Tax charge/(credit) in the profit and loss account

	2022 £ 000	2021 £ 000
Current taxation		
Group relief	50	-
Deferred taxation		
Arising from origination and reversal of temporary differences	147	93
Arising from changes in tax rates and laws	-	(748)
Arising from write-down or reversal of write-down of deferred tax asset	2,915	(42)
Total deferred taxation	3,062	(697)
Tax expense/(receipt) in the profit and loss account	3,112	(697)

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2021 - lower than the standard rate of corporation tax in the UK) of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	541	879
Corporation tax at standard rate	103	167
Increase/(decrease) in current tax from adjustment for prior periods	2,915	(42)
Decrease from effect of expenses not deductible in determining taxable profit (tax loss)	(8)	(97)
Deferred tax expense/(credit) relating to changes in tax rates or laws	140	(748)
Other tax effects for reconciliation between accounting profit and tax (income)/expense	(38)	23
Total tax charge/(credit)	3,112	(697)

The prior year adjustment of £2,915,000 relates to the utilisation of losses, which were expected to be carried forward, but were ultimately utilised.

Factors that may affect future tax expenses

Following the March 2022 budget, the corporate tax rate will increase from 19% to 25%, with effect from 1 April 2023. The deferred tax balances at 31 May 2022 and 31 May 2021 have been calculated based on the rate substantively enacted at the balance sheet date of 25%.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

12 Tax on profit/(loss) (continued)

Amounts recognised in other comprehensive income

	Before tax £ 000	2021 Tax expense £ 000	Net of tax £ 000
Gain or loss on cash flow hedges	67	(13)	54

Deferred tax

Deferred tax movement during the year:

	At 1 June 2021 £ 000	Recognised in income £ 000	At 31 May 2022 £ 000
Share-based payment	2	11	13
Tax losses carry-forwards	1,882	(1,882)	-
Other items	-	(135)	(135)
Tangible fixed assets	1,137	(1,057)	80
Temporary timing differences	3	1	4
Net tax assets/(liabilities)	3,024	(3,062)	(38)

Deferred tax movement during the prior year:

	At 1 June 2020 £ 000	Recognised in income £ 000	Recognised in other comprehensive income £ 000	At 31 May 2021 £ 000
Share-based payment	(3)	5	-	2
Fair value movements on financial instruments	13	-	(13)	-
Tax losses carry-forwards	1,014	867	-	1,882
Tangible fixed assets	1,241	(104)	-	1,137
Temporary timing differences	74	(71)	-	3
Net tax assets	2,339	697	(13)	3,024

13 Investments

Subsidiaries

£ 000

Cost or valuation

At 1 June 2021 3,144

At 31 May 2022 3,144

Carrying amount

At 31 May 2022 3,144

At 31 May 2021 3,144

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

13 Investments (continued)

Details of the subsidiaries as at 31 May 2022 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held	
			2022	2021
OCCW (St Ninians) Limited*	Land development	West Terrace, Esh Winning, County Durham, DH7 9PT UK	100%	100%
OCCW (Duncanziemere) Limited*	Land development	West Terrace, Esh Winning, County Durham, DH7 9PT UK	100%	100%
OCCW (Chalmerston) Limited*	Land development	West Terrace, Esh Winning, County Durham, DH7 9PT UK	100%	100%
OCCW (Netherton) Limited*	Land development	West Terrace, Esh Winning, County Durham, DH7 9PT UK	100%	100%
OCCW (Damside) Limited*	Land development	West Terrace, Esh Winning, County Durham, DH7 9PT UK	100%	100%
OCCW (Broken Cross) Limited*	Land development	West Terrace, Esh Winning, County Durham, DH7 9PT UK	100%	100%
Hargreaves Services (Muir Dean) Limited*	Land development	West Terrace, Esh Winning, County Durham, DH7 9PT UK	100%	100%
517EPA Limited*	Dormant	West Terrace, Esh Winning, County Durham, DH7 9PT UK	100%	100%
OCCW (House of Water) Limited*	Land development	West Terrace, Esh Winning, County Durham, DH7 9PT UK	100%	100%
Hargreaves Industrial Products Limited*	Dormant	West Terrace, Esh Winning, County Durham, DH7 9PT UK	100%	100%

* indicates direct investment of Hargreaves Land Limited

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

13 Investments (continued)

Joint ventures

Hargreaves (UK) Limited owns 50% of the Ordinary shares of Hargreaves Darlington Limited.

14 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Motor vehicles and plant £ 000	Mineral assets £ 000	Total £ 000
Cost or valuation					
At 1 June 2020	1,435	69	5,521	12,837	19,862
Additions	-	23	-	-	23
Disposals	(19)	(61)	(4,779)	(12,837)	(17,696)
At 31 May 2021	1,416	31	742	-	2,189
At 1 June 2021	1,416	31	742	-	2,189
Additions	-	3	-	-	3
Disposals	(109)	-	-	-	(109)
At 31 May 2022	1,307	34	742	-	2,083
Accumulated depreciation					
At 1 June 2020	4	64	3,092	12,372	15,532
Charge for year	-	7	228	465	700
Eliminated on disposal	-	(62)	(2,581)	(12,837)	(15,480)
At 31 May 2021	4	9	739	-	752
At 1 June 2021	4	9	739	-	752
Charge for the year	-	8	-	-	8
At 31 May 2022	4	17	739	-	760
Carrying amount					
At 31 May 2022	1,303	17	3	-	1,323
At 31 May 2021	1,412	22	3	-	1,437
At 1 June 2020	1,431	5	2,429	465	4,330

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

15 Investment properties

	(As restated)	
	31 May 2022 £ 000	31 May 2021 £ 000
Cost		
At 1 June	2,493	2,808
Additions	2	16
Disposals	(41)	(331)
At 31 May	2,454	2,493
Carrying amount		
At 31 May	2,454	2,493

The carrying value of investment properties at 1 June 2020 has been restated by increasing it by £434,000 as these have been held for capital appreciation and rental purposes and were incorrectly classified as trading properties in prior year. The corresponding decrease of £434,000 in trading properties held within stocks can be seen in note 17.

16 Right of use assets

	Motor vehicles and plant £ 000	Land and buildings £ 000	Total £ 000
Cost or valuation			
At 1 June 2020	780	116	896
Additions	21	-	21
Disposals	(754)	-	(754)
At 31 May 2021	47	116	163
At 1 June 2021	47	116	163
Additions	21	70	91
Disposals	(45)	-	(45)
At 31 May 2022	23	186	209
Accumulated depreciation			
At 1 June 2020	407	9	416
Charge for year	86	23	109
Eliminated on disposal	(468)	-	(468)
At 31 May 2021	25	32	57

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

16 Right of use assets (continued)

	Motor vehicles and plant £ 000	Land and buildings £ 000	Total £ 000
At 1 June 2021	25	32	57
Charge for the year	36	35	71
Eliminated on disposal	(42)	-	(42)
At 31 May 2022	<u>19</u>	<u>67</u>	<u>86</u>
Carrying amount			
At 31 May 2022	<u>4</u>	<u>119</u>	<u>123</u>
At 31 May 2021	<u>22</u>	<u>84</u>	<u>106</u>

17 Stocks

	31 May 2022 £ 000	31 May 2021 £ 000
Work in progress	738	316
Other stock	-	10
	<u>738</u>	<u>326</u>

The carrying value of trading properties held within stocks at 1 June 2020 has been restated by decreasing it by £434,000 as these have been held for capital appreciation and rental purposes and were incorrectly classified as trading properties in prior year. The corresponding increase of £434,000 in investment properties can be seen in note 15.

The cost of stock recognised as an expense in the year amounted to £10,000 (2021 - £815,000). This is included within cost of sales.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

18 Debtors

		31 May 2022 £ 000	31 May 2021 £ 000
	Note		
Trade debtors		61	9
Amounts due from subsidiary undertakings		2,089	7,818
Amounts owed by undertakings in which the company has a participating interest	26	115	243
Prepayments and Accrued income		1,772	99
Other debtors		31	48
Other taxes and social security		16	-
		<u>4,084</u>	<u>8,217</u>

Amounts due from subsidiary undertakings include the reversal of a previous provision for impairment of £189,000 (2021: £nil).

Amounts due from subsidiary undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

19 Trade and other creditors

		31 May 2022 £ 000	31 May 2021 £ 000
	Note		
Amounts due to group undertakings		25,261	30,443
Trade creditors		78	85
Accrued expenses		851	1,333
Social security and other taxes		62	530
Outstanding defined contribution pension costs		15	13
Other creditors		1	13
Bank overdraft		630	-
Income tax liability		50	-
Current portion of long term lease liabilities		50	42
		<u>26,998</u>	<u>32,459</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

The bank overdraft is denominated in sterling, does not attract interest and is repayable on demand. It is part of the group's banking facility which is secured by a debenture over the group's assets.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

20 Creditors: amounts falling due after more than one year

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings, which are measured at amortised cost.

	31 May 2022 £ 000	31 May 2021 £ 000
Non-current loans and borrowings		
Lease liabilities	<u>80</u>	<u>71</u>

Terms and debt repayment schedule

				Face value 2022 £ 000	Carrying value 2022 £ 000	Fair value 2021 £ 000	Carrying value 2021 £ 000
	Currency	Nominal interest rate	Year of maturity				
Right of use liabilities	Sterling	3.70%	2020-2024	130	130	113	113

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

21 Leases

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	31 May 2022 £ 000	31 May 2021 £ 000
Less than one year	50	42
2 years	80	71
Total lease liabilities (undiscounted)	130	113

22 Called up share capital

Allotted, called up and fully paid shares

	31 May 2022 No.	£	31 May 2021 No.	£
Ordinary shares of £1 each	1	1	1	1

23 Reserves

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Capital contribution reserve

The capital contribution reserve comprises cumulative share-based payments. The movement during the year relates to the share-based payment expense recognised for the share options.

24 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £101,000 (2021 - £121,000).

Contributions totalling £15,000 (2021 - £13,000) were payable to the scheme at the end of the year and are included in creditors.

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

25 Share-based payments

Deferred Bonus Scheme

Scheme details and movements

The scheme is available to senior employees within the business. The options will vest upon the employee completing the service obligation, which requires their continued employment for a period of three years.

The movements in the number of share options during the year were as follows:

	31 May 2022 Number	31 May 2021 Number
Outstanding, start of period	174,089	163,970
Granted during the period	-	101,283
Forfeited during the period	(166,921)	(61,904)
Exercised during the period	(7,168)	(29,260)
Outstanding, end of period	<u>-</u>	<u>174,089</u>

The weighted average share price at date of exercise of share options exercised during the year was £5.35 (2021 - £3.12). The exercise price for these options is £nil.

Outstanding share options

Details of share options outstanding at the end of the year are as follows:

	31 May 2022	31 May 2021
Number of share options outstanding	-	174,089
Expected weighted average remaining life (years)	<u>-</u>	<u>1.00</u>

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

25 Share-based payments (continued)

Executive share option schemes

Scheme details and movements

The schemes are available to the directors and senior employees of the company.

The Hargreaves Services plc Share Option Scheme 2019 requires a minimum three year service period following grant and a 35% Total Shareholder Return (TSR) before any vesting can take place with 100% vesting taking place at 85% TSR measured over the three year period ending on 31 July 2021. This scheme matured during the year and 197,290 options vested of these 167,586 were exercised and 29,704 are exercisable. The remaining 302,511 options which did not vest were forfeited.

The Hargreaves Services plc Executive Share Option Schemes also require a minimum three year service period following grant and has two separate performance criteria. 50% of the options awarded under this scheme require a 25% TSR before any vesting can take place with full vesting taking place at 100% TSR measured over a three year period. The remaining 50% vest based upon benchmarking the TSR against a comparator group of ten companies. 25% vesting takes place if the TSR performance ranks at the median TSR performance of that comparator group with full vesting taking place if the TSR performance ranks best out of the comparator group. There are 423,544 options outstanding under that scheme.

The movements in the number of share options during the year were as follows:

	31 May 2022 Number	31 May 2021 Number
Outstanding, start of period	776,813	597,589
Granted during the period	22,292	179,224
Forfeited during the period	(700,118)	-
Exercised during the period	(25,325)	-
Outstanding, end of period	<u>73,662</u>	<u>776,813</u>

The weighted average share price at date of exercise of share options exercised during the year was £Nil (2021 - £Nil).

Outstanding share options

Details of share options outstanding at the end of the year are as follows:

	31 May 2022	31 May 2021
Number of share options outstanding	73,662	776,813
Expected weighted average remaining life (years)	<u>2.00</u>	<u>1.00</u>

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

26 Related party transactions

In these financial statements, the company has applied the exemption available under FRS 101 regarding disclosures in respect of transactions with wholly owned subsidiaries within the group. At the current and previous year end, the company had no balances outstanding with, or sales to/purchases from any other related parties. Some of the transactions and outstanding balances below relate to general intercompany trade and working capital management of joint ventures within the Hargreaves Services Plc group.

Tower Regeneration Limited - Joint Venture
Hargreaves Darlington Limited - Joint Venture
Rocpower Limited - non-wholly owned subsidiary
Waystone Hargreaves Land Limited - Joint Venture

Summary of transactions with other related parties

In these financial statements, the company has applied the exemption available under FRS 101 regarding disclosures in respect of transactions with wholly owned subsidiaries within the group. At the current and previous year end, the company had no balances outstanding with, or sales to/purchases from any other related parties.

All transactions and outstanding balances relate to general intercompany trade and working capital management.

Income and receivables from related parties

	Joint ventures £ 000
2022	
Sale of goods	441
Amounts receivable from related party	115
	<hr/>
	Joint ventures £ 000
2021	
Sale of goods	678
Amounts receivable from related party	243
	<hr/>

Loans to related parties

	Joint ventures £ 000
2021	
At start of period	2,201
Repaid	(2,201)
	<hr/>
At end of period	-
	<hr/>

27 Contingent liabilities

The Company has certain performance bonds and guarantees in place, with a total value of £343,000 (2021: £634,000).

Hargreaves Land Limited

Notes to the Financial Statements for the Year Ended 31 May 2022 (continued)

28 Parent and ultimate parent undertaking

The company's immediate parent is Hargreaves Land Holdings Limited.

The ultimate parent is Hargreaves Services plc. The only group in which the results of the Company are consolidated is that headed by Hargreaves Services plc. The consolidated financial statements of this company are available to the public and may be obtained from their registered address West Terrace, Esh Winning, Durham, DH7 9PT.