

Company registration number 09032137 (England and Wales)

HEATON 2014 LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

HEATON 2014 LIMITED

COMPANY INFORMATION

Director	J Heaton
Company number	09032137
Registered office	2-4 Wigan Road Hindley Wigan WN2 3BE
Auditor	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT

HEATON 2014 LIMITED

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HEATON 2014 LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The director presents the strategic report for the year ended 31 March 2022.

Fair review of the business

The group's core business continues to be within property management and development. The group activity can be split into four core areas:

- The acquisition of commercial and residential properties or land parcels;
- The development of unused commercial property into high quality residential housing and apartments;
- The management of a large portfolio of residential properties; and
- Residential letting management.

The board of directors are pleased with the performance of the group.

Group turnover increased year on year by £307k to £11,529k which equated to an increase of 3%. After revaluing its portfolio of investment properties the group recorded a profit before tax of £1,927k (2021 - £2,249k).

The group continued to add to its portfolio during the year with completion of several development projects, with its investment in residential properties for lettings now standing at £45.2m (2021 - £34.0m). In addition to this the group had ongoing developments at the balance sheet date worth £35.4m (2021 - £15.4m).

At the balance sheet date the group had bank borrowing in place amounting to £55.3m (2021 - £35.1m). The directors are thankful of the continued support of the different lenders that it continues to deal with.

Principal risks and uncertainties

Risk	Impact	Mitigation
Liquidity / refinancing risk	Inability to fund operations, capital expenditure or to raise new or replacement funding.	The group regularly monitors banking covenant headroom, leverage and committed and undrawn financing facilities. The group maintains regular contact with both existing and prospective finance providers to evaluate options in advance of funding deadlines.
Interest rate exposure	Increased borrowing costs	Interest rates are constantly monitored and hedging policies reviewed by the directors to ensure the group's risk and exposure to interest rate movements is kept to a minimum. The group's policy is to manage its exposure to short term interest rate movements through the use of derivative contracts where appropriate
Credit risk: failure of bank and financial institution counterparties	Loss of cash deposits	The group has relationships with a number of banks who provide deposit facilities for surplus cash balances. The group continually reviews the credit ratings of these banks and whenever necessary spreads its deposits across those institutions with the higher credit ratings.

HEATON 2014 LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Development and performance

The Heaton Group envisages no change to the direction of its strategy.

We aim to grow net income over the long term through the active management of the property portfolio and from new lettings. We also strive to reduce the portfolio voids by attracting new occupiers; subject to credit vetting security, and by investing in our assets to make them the most attractive investment in our market.

We continue to acquire land strategically and develop it efficiently to provide greater value to the group. Two great examples of this include The Exchange, which completes in H2 2023 and is c.90% sold, and Urban Green, which completes in Q3 2023 and is c.85% sold.

Key performance indicators

Key performance indicators for the year were as follows:

	2022 £000s	2021 £000s
Turnover	11,529	11,222
Earnings before interest and tax	3,677	3,942
Profit before tax	1,927	2,249
Investment properties value	45,190	33,978
Development stock	35,444	15,438
Net assets	11,706	10,473

On behalf of the board

J Heaton
Director

20 December 2022

HEATON 2014 LIMITED

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The director presents his annual report and financial statements for the year ended 31 March 2022.

Principal activities

The group's core business continues to be within property management and development.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £155,000. The director does not recommend payment of a further dividend.

Director

The director who held office during the year and up to the date of signature of the financial statements was as follows:

J Heaton

Financial instruments

Treasury operations and financial instruments

The group's activities expose it to cash flow risk; please refer to the strategic report in the financial statements for further details. The use of derivatives is governed by the group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The group does not use derivative financial instruments for speculative purposes.

Post reporting date events

Subsequent to the year end the group completed the acquisition of Eutopia Homes (Salford) Limited for consideration of £11m. Subsequently the name of this company was changed to HG7 Private Investments Limited.

Future developments

Active asset management is core to our approach and will continue to be implemented by us to achieve further value enhancement of our assets. In addition, we will seek to acquire new assets for the portfolio that offer the potential of income and added value.

HEATON 2014 LIMITED

DIRECTOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Statement of director's responsibilities

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

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the ;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

On behalf of the board

J Heaton
Director

20 December 2022

HEATON 2014 LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HEATON 2014 LIMITED

Opinion

We have audited the financial statements of Heaton 2014 Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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 director is 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the director's report have been prepared in accordance with applicable legal requirements.

HEATON 2014 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF HEATON 2014 LIMITED

Matters on which we are required to report by exception

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

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

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

Responsibilities of director

As explained more fully in the director's responsibilities statement, the director is 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 director determines 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 director is responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intends to liquidate the parent company or to cease operations, or has 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.

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

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

Identifying and assessing potential risks relating to irregularities

Based on our understanding and accumulated knowledge of the company and the sector in which it operates, we considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud and whether such actions or non-compliance might have a material effect on the financial statements. These included but were not limited to those that relate to the form and content of the financial statements, such as the company accounting policies, the financial reporting framework and the UK Companies Act 2006. All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

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, management bias in accounting estimates and judgements, and inappropriate revenue cut-off.

HEATON 2014 LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF HEATON 2014 LIMITED

Our audit procedures included, but were not limited to:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Identifying and testing journal entries, in particular any journal entries posted with specific keywords, manual journals to revenue and cash and journals posted by specific users;
- Testing a sample of revenue recognised either side of the period end to ensure revenue has been recognised in the correct period;
- Challenging assumptions, accounting estimates and judgements made by the directors, particularly in relation to the classification of leases entered into as operating or finance leases and the valuation and impairment of tangible assets and investments;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.

Stephen Grayson FCCA (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young Manchester LLP

20 December 2022

Chartered Accountants
Statutory Auditor

St James Building
79 Oxford Street
Manchester
M1 6HT

HEATON 2014 LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £000	2021 £000
Turnover	3	11,529	11,222
Cost of sales		(8,470)	(7,652)
Gross profit		3,059	3,570
Administrative expenses		(2,659)	(2,522)
Other operating income		361	178
Operating profit	4	761	1,226
Interest receivable and similar income	7	-	2
Interest payable and similar expenses	8	(1,750)	(1,695)
Fair value gains and losses on investment properties	12	2,916	2,716
Profit before taxation		1,927	2,249
Tax on profit	9	(539)	(1,201)
Profit for the financial year	24	1,388	1,048

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The profit and loss account has been prepared on the basis that all operations are continuing operations.

HEATON 2014 LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	11		311		294
Investment properties	12		45,190		33,978
			<u>45,501</u>		<u>34,272</u>
Current assets					
Stocks	15	35,444		15,438	
Debtors	16	4,831		1,270	
Cash at bank and in hand		3,886		3,508	
		<u>44,161</u>		<u>20,216</u>	
Creditors: amounts falling due within one year	17	(32,862)		(12,923)	
Net current assets			<u>11,299</u>		<u>7,293</u>
Total assets less current liabilities			<u>56,800</u>		<u>41,565</u>
Creditors: amounts falling due after more than one year	18		(41,496)		(28,017)
Provisions for liabilities					
Deferred tax liability	21	3,598		3,075	
		<u>3,598</u>	<u>(3,598)</u>	<u>3,075</u>	<u>(3,075)</u>
Net assets			<u>11,706</u>		<u>10,473</u>
Capital and reserves					
Called up share capital	23		1		1
Other reserves	24		11,119		9,964
Profit and loss reserves	24		586		508
Total equity			<u>11,706</u>		<u>10,473</u>

The financial statements were approved and signed by the director and authorised for issue on 20 December 2022

J Heaton
Director

HEATON 2014 LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2022

		2022		2021	
	Notes	£000	£000	£000	£000
Fixed assets					
Investments	13		-		-
Current assets					
Debtors	16	231		199	
Creditors: amounts falling due within one year	17	(212)		(171)	
Net current assets			19		28
Capital and reserves					
Called up share capital	23		1		1
Profit and loss reserves	24		18		27
Total equity			19		28

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £125,666 (2021 - £96,969).

The financial statements were approved and signed by the director and authorised for issue on 20 December 2022

J Heaton
Director

Company Registration No. 09032137

HEATON 2014 LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2022

		Share capital	Other reserves	Profit and loss reserves	Total
	Notes	£000	£000	£000	£000
Balance at 1 April 2020		1	8,427	1,089	9,517
Year ended 31 March 2021:					
Profit and total comprehensive income for the year		-	-	1,048	1,048
Dividends	10	-	-	(92)	(92)
Transfers		-	1,537	(1,537)	-
Balance at 31 March 2021		1	9,964	508	10,473
Year ended 31 March 2022:					
Profit and total comprehensive income for the year		-	-	1,388	1,388
Dividends	10	-	-	(155)	(155)
Transfers		-	1,155	(1,155)	-
Balance at 31 March 2022		1	11,119	586	11,706

HEATON 2014 LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

		Share capital	Profit and loss reserves	Total
	Notes	£000	£000	£000
Balance at 1 April 2020		1	22	23
Year ended 31 March 2021:				
Profit and total comprehensive income for the year		-	97	97
Dividends	10	-	(92)	(92)
Balance at 31 March 2021		1	27	28
Year ended 31 March 2022:				
Profit and total comprehensive income for the year		-	126	126
Dividends	10	-	(135)	(135)
Balance at 31 March 2022		1	18	19

HEATON 2014 LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £000	2021 £000
Cash flows from operating activities			
Cash (absorbed by)/generated from operations	29		
		(9,277)	1,893
Interest paid		(1,750)	(1,695)
Income taxes refunded		2	-
Net cash (outflow)/inflow from operating activities		(11,025)	198
Investing activities			
Purchase of tangible fixed assets		(117)	(44)
Proceeds from disposal of tangible fixed assets		1	-
Purchase of investment property		(9,475)	(3,462)
Proceeds from disposal of investment property		1,049	3,031
Interest received		-	2
Net cash used in investing activities		(8,542)	(473)
Financing activities			
Movement on loans and other borrowings		18,713	2,286
Payment of finance leases obligations		(11)	(3)
Dividends paid to equity shareholders		(155)	(92)
Net cash generated from financing activities		18,547	2,191
Net (decrease)/increase in cash and cash equivalents		(1,020)	1,916
Cash and cash equivalents at beginning of year		3,508	1,592
Cash and cash equivalents at end of year		2,488	3,508
Relating to:			
Cash at bank and in hand		3,886	3,508
Bank overdrafts included in creditors payable within one year		(1,398)	-

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

Company information

Heaton 2014 Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is .

The group consists of Heaton 2014 Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment': Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

1.2 Business combinations

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.3 Basis of consolidation

The consolidated group financial statements consist of the financial statements of the parent company Heaton 2014 Limited together with all entities controlled by the parent company (its subsidiaries) and the group's share of its interests in joint ventures and associates.

All financial statements are made up to 31 March 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the group's financial statements from the date that control commences until the date that control ceases.

Entities in which the group holds an interest and which are jointly controlled by the group and one or more other venturers under a contractual arrangement are treated as joint ventures. Entities other than subsidiary undertakings or joint ventures, in which the group has a participating interest and over whose operating and financial policies the group exercises a significant influence, are treated as associates.

Investments in joint ventures and associates are carried in the group balance sheet at cost plus post-acquisition changes in the group's share of the net assets of the entity, less any impairment in value. The carrying values of investments in joint ventures and associates include acquired goodwill.

If the group's share of losses in a joint venture or associate equals or exceeds its investment in the joint venture or associate, the group does not recognise further losses unless it has incurred obligations to do so or has made payments on behalf of the joint venture or associate.

Unrealised gains arising from transactions with joint ventures and associates are eliminated to the extent of the group's interest in the entity.

1.4 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.5 Turnover

The turnover shown in the profit and loss account represents the value of all rentals and property services delivered during the year, at a selling price exclusive of Value Added Tax.

Property services sales are recognised at the point at which the group and company have fulfilled their contractual obligations to the customer.

For multi asset property developments, turnover is recognised when there is unconditional contract to sell and there is a right to consideration in exchange for fulfilling contractual obligations. This is achieved on completion of the sale of each individual asset.

Deposits and reservation fees are included in other creditors and are recognised in turnover on completion of the relevant asset sale.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	10% to 33.33% straight line
Motor vehicles	25% straight line and 25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.10 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.11 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.13 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.14 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.15 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

1.18 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of investment properties

Consideration has been given by the directors as to the fair value of investment properties. In determining the fair value they have used representations from directors with suitable knowledge and qualifications and have considered the open market value of the property based upon their knowledge of the local market.

Profit recognition

In order to determine the profit that the group is able to recognise on its multi asset developments in a specific period, the group allocates site wide development costs to completed assets and assets under construction based on either their realised disposal proceeds or, if a disposal has not occurred their expected disposal proceeds. Where an expected proceeds figure is used, this is determined in reference to prevailing market values at the balance sheet date. In addition the company also has to estimate costs to complete on its developments. In making these assessments there is a degree of inherent uncertainty.

The cost allocation process acts as a method of allocating the costs associated with a development to each individual asset and drives the recognition of costs in the income statement and WIP on the balance sheet. Any changes to the forecast profit margin of a development, via either changes in expected proceeds or expected costs, are recognised in the current and future periods based on a reallocation of the income and cost movements across assets that have not been disposed of prior to the start of the reporting period.

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Turnover and other revenue

	2022 £000	2021 £000
Turnover analysed by class of business		
Development sales	9,168	9,108
Rental income	2,212	1,907
Other income	149	207
	<u>11,529</u>	<u>11,222</u>
	2022 £000	2021 £000
Turnover analysed by geographical market		
United Kingdom	11,529	11,222
	<u>11,529</u>	<u>11,222</u>
	2022 £000	2021 £000
Other revenue		
Interest income	-	2
Grants received	-	43
	<u>-</u>	<u>45</u>

4 Operating profit

	2022 £000	2021 £000
Operating profit for the year is stated after charging/(crediting):		
Government grants	-	(43)
Depreciation of owned tangible fixed assets	99	86
Loss on disposal of investment property	131	820
Operating lease charges	21	20
	<u>251</u>	<u>883</u>

5 Auditor's remuneration

	2022 £000	2021 £000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	5	-
Audit of the financial statements of the company's subsidiaries	40	-
	<u>45</u>	<u>-</u>
For other services		
Taxation compliance services	6	5
All other non-audit services	20	15
	<u>26</u>	<u>20</u>

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

Group 2022 Number	2021 Number	Company 2022 Number	2021 Number
49	36	1	1

Their aggregate remuneration comprised:

	Group 2022 £000	2021 £000	Company 2022 £000	2021 £000
Wages and salaries	1,088	917	5	2
Social security costs	154	86	-	-
Pension costs	15	11	-	-
	1,257	1,014	5	2

7 Interest receivable and similar income

	2022 £000	2021 £000
Interest income		
Other interest income	-	2

8 Interest payable and similar expenses

	2022 £000	2021 £000
Interest on bank overdrafts and loans	1,734	1,683
Other interest on financial liabilities	11	12
Interest on finance leases and hire purchase contracts	1	-
Other interest	4	-
Total finance costs	1,750	1,695

9 Taxation

	2022 £000	2021 £000
Current tax		
UK corporation tax on profits for the current period	-	103
Adjustments in respect of prior periods	17	-
Total current tax	17	103

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

9 Taxation

(Continued)

	2022 £000	2021 £000
Deferred tax		
Origination and reversal of timing differences	630	360
Changes in tax rates	-	738
Previously unrecognised tax loss, tax credit or timing difference	(108)	-
	<u>522</u>	<u>1,098</u>
Total deferred tax	<u>522</u>	<u>1,098</u>
Total tax charge	<u>539</u>	<u>1,201</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2022 £000	2021 £000
Profit before taxation	<u>1,927</u>	<u>2,249</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	366	427
Tax effect of expenses that are not deductible in determining taxable profit	24	1
Tax effect of utilisation of tax losses not previously recognised	(108)	(5)
Adjustments in respect of prior years	17	-
Effect of change in corporation tax rate	-	738
Permanent capital allowances in excess of depreciation	-	12
Other non-reversing timing differences	630	360
Other permanent differences	(4)	21
Revaluation gains	(554)	(353)
Non-trading loan relationship profits	168	-
	<u>539</u>	<u>1,201</u>
Taxation charge	<u>539</u>	<u>1,201</u>

10 Dividends

	2022 £000	2021 £000
Recognised as distributions to equity holders:		
Interim paid	<u>135</u>	<u>92</u>

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

11 Tangible fixed assets

Group	Plant and equipment £000	Motor vehicles £000	Total £000
Cost			
At 1 April 2021	444	163	607
Additions	62	55	117
Disposals	(1)	-	(1)
At 31 March 2022	505	218	723
Depreciation and impairment			
At 1 April 2021	197	116	313
Depreciation charged in the year	62	37	99
At 31 March 2022	259	153	412
Carrying amount			
At 31 March 2022	246	65	311
At 31 March 2021	247	47	294

The company had no tangible fixed assets at 31 March 2022 or 31 March 2021.

12 Investment property

	Group 2022 £000	Company 2022 £000
Fair value		
At 1 April 2021	33,979	-
Additions through external acquisition	9,475	-
Disposals	(1,180)	-
Net gains or losses through fair value adjustments	2,916	-
At 31 March 2022	45,190	-

Investment properties were valued on an open market basis on 31 March 2022 by the director, by reference to market evidence of transaction prices for similar properties.

Investment properties include £1,691,000 (2021 - £1,691,000) relating to freeholds that have been retained on leasehold properties which have been sold. In the opinion of the director, the carrying value of the freeholds is not materially different to their open market value.

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

12 Investment property

(Continued)

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group 2022 £000	2021 £000	Company 2022 £000	2021 £000
Cost	30,364	21,678	-	-
Accumulated depreciation	-	-	-	-
Carrying amount	30,364	21,678	-	-

13 Fixed asset investments

	Group 2022 £	2021 £	Company 2022 £	2021 £
Share in subsidiary undertakings	-	-	325	318

Movements in fixed asset investments Company

	Shares in £
Cost or valuation	
At 1 April 2021	318
Additions	7
At 31 March 2022	325
Carrying amount	
At 31 March 2022	325
At 31 March 2021	318

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14 Subsidiaries

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Heaton Group Manchester Limited	England & Wales	Property development	Ordinary	100.00
Heaton Group Developments Limited	England & Wales	Property construction	Ordinary	100.00
HG Premier Lettings Limited	England & Wales	Property lettings management	Ordinary	100.00
Riverstone Properties Ltd	England & Wales	Rental of residential properties	Ordinary	100.00
John A Adams Ltd	England & Wales	Rental of residential properties	Ordinary	100.00
Heaton Group Holdings Limited	England & Wales	Rental of residential properties	Ordinary	100.00
The Heaton Group 1 Limited	England & Wales	Property development	Ordinary	100.00
Invest (NW) Limited	England & Wales	Rental of residential properties	Ordinary	100.00
HG1 Private Investments Limited	England & Wales	Property development	Ordinary	100.00
HG2 Private Investments Limited	England & Wales	Rental of residential properties	Ordinary	100.00
HG3 Private Investments Limited	England & Wales	Rental of residential properties	Ordinary	100.00
HG4 Private Investments Limited	England & Wales	Property development	Ordinary	100.00
HG5 Private Investments Limited	England & Wales	Rental of residential properties	Ordinary	100.00
HG6 Private Investments Limited	England & Wales	Property development	Ordinary	100.00
HG8 Private Investments Limited	England & Wales	Property development	Ordinary	100.00
HG9 Private Investments Limited	England & Wales	Property development	Ordinary	100.00
HG10 (OL) Private Investments Limited	England & Wales	Property development	Ordinary	100.00
HG11 Private Investments Limited	England & Wales	Property development	Ordinary	100.00
HG12 Private Investments Limited	England & Wales	Property development	Ordinary	100.00
Urban Green (Manchester) Limited	England & Wales	Property development	Ordinary	100.00

All companies have the same registered address as the parent company.

15 Stocks

	Group 2022 £000	2021 £000	Company 2022 £000	2021 £000
Development stocks	35,444	15,438	-	-

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

16 Debtors

	Group	2021	Company	2021
	2022	2021	2022	2021
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	399	217	-	-
Amounts owed by group undertakings	-	-	231	199
Other debtors	3,253	521	-	-
Prepayments and accrued income	1,179	532	-	-
	<u>4,831</u>	<u>1,270</u>	<u>231</u>	<u>199</u>

17 Creditors: amounts falling due within one year

	Notes	Group	2021	Company	2021
		2022	2021	2022	2021
		£000	£000	£000	£000
Bank loans and overdrafts	19	13,761	7,135	-	-
Obligations under finance leases	20	7	12	-	-
Payments received on account		7	22	-	-
Trade creditors		1,816	561	-	2
Amounts owed to group undertakings		-	-	204	168
Corporation tax payable		121	103	-	-
Other taxation and social security		47	40	-	-
Other creditors		364	468	-	1
Accruals and deferred income		16,739	4,582	8	-
		<u>32,862</u>	<u>12,923</u>	<u>212</u>	<u>171</u>

18 Creditors: amounts falling due after more than one year

	Notes	Group	2021	Company	2021
		2022	2021	2022	2021
		£000	£000	£000	£000
Bank loans and overdrafts	19	41,493	28,008	-	-
Obligations under finance leases	20	3	9	-	-
		<u>41,496</u>	<u>28,017</u>	<u>-</u>	<u>-</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	1,967	1,909	-	-
	<u>1,967</u>	<u>1,909</u>	<u>-</u>	<u>-</u>

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

19 Loans and overdrafts

	Group 2022 £000	2021 £000	Company 2022 £000	2021 £000
Bank loans	53,856	35,143	-	-
Bank overdrafts	1,398	-	-	-
	<u>55,254</u>	<u>35,143</u>	<u>-</u>	<u>-</u>
Payable within one year	13,761	7,135	-	-
Payable after one year	41,493	28,008	-	-
	<u>55,254</u>	<u>35,143</u>	<u>-</u>	<u>-</u>

The long-term loans are secured by fixed charges over the property stock and assets of the group companies.

The group has various loans from different lenders with rates of interest typically ranging from 4% to 6%. The majority of loans mature when the developments are completed and sold. In terms of loans secured against the investment portfolio, where these are due to mature within the next 12 months, the group is actively looking to renew the facilities in their normal course of business.

20 Finance lease obligations

	Group 2022 £000	2021 £000	Company 2022 £000	2021 £000
Future minimum lease payments due under finance leases:				
Within one year	7	12	-	-
In two to five years	3	9	-	-
	<u>10</u>	<u>21</u>	<u>-</u>	<u>-</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities 2022 £000	Liabilities 2021 £000
Group		
Revaluations	3,706	3,075
Unused Tax Losses	(108)	-
	<u>3,598</u>	<u>3,075</u>

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

21 Deferred taxation

(Continued)

The company has no deferred tax assets or liabilities.

	Group 2022 £000	Company 2022 £000
Movements in the year:		
Liability at 1 April 2021	3,075	-
Charge to profit or loss	631	-
Unused Tax Losses	(108)	-
Liability at 31 March 2022	3,598	-

22 Retirement benefit schemes

	2022 £000	2021 £000
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	15	11

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

23 Share capital

Group and company	2022 Number	2021 Number	2022 £000	2021 £000
Ordinary share capital				
Issued and fully paid				
Ordinary A shares of £1 each	900	900	1	1
Ordinary B shares of £1 each	100	100	-	-

All shares rank pari passu.

24 Reserves

Other reserves

Other reserves represent the non distributable reserves arising from the transition to FRS 102, being the surplus on revaluation of investment property less the deferred tax arising on the gain.

Profit and loss reserves

Profit and loss reserves represent the profit in the year plus the portion of accumulated brought forward reserves which are distributable.

HEATON 2014 LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

25 Events after the reporting date

Subsequent to the year end the group completed the acquisition of Eutopia Homes (Salford) Limited for consideration of £11m. Subsequently the name of this company was changed to HG7 Private Investments Limited.

27 Directors' transactions

During the year the group paid rents totalling £24,000 (2021 - £24,000) to J Heaton, a director of the group.

28 Controlling party

The ultimate controlling party is J Heaton by virtue of his majority shareholding.

29 Cash (absorbed by)/generated from group operations

	2022 £000	2021 £000
Profit for the year after tax	1,388	1,048
Adjustments for:		
Taxation charged	539	1,201
Finance costs	1,750	1,695
Investment income	-	(2)
Loss on disposal of investment property	131	820
Fair value gain on investment properties	(2,916)	(2,716)
Depreciation and impairment of tangible fixed assets	99	86
Movements in working capital:		
Increase in stocks	(20,006)	(1,271)
(Increase)/decrease in debtors	(3,562)	15,750
Increase/(decrease) in creditors	13,300	(14,718)
Cash (absorbed by)/generated from operations	(9,277)	1,893

30 Analysis of changes in net debt - group

	1 April 2021 £000	Cash flows £000	31 March 2022 £000
Cash at bank and in hand	3,508	378	3,886
Bank overdrafts	-	(1,398)	(1,398)
	3,508	(1,020)	2,488
Borrowings excluding overdrafts	(35,143)	(18,713)	(53,856)
Obligations under finance leases	(21)	11	(10)
	(31,656)	(19,722)	(51,378)

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.