



Smailes Goldie Group
CRÉATING ADVANTAGE

REGISTERED NUMBER: 00813569

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Horncastle Group PLC

Financial Statements

31st March 2019



Horncastle Group PLC (Registered number: 00813569)

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for the year ended 31st March 2019

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Horncastle Group PLC

Company Information

for the year ended 31st March 2019

DIRECTORS:

W A Horncastle
A N Horncastle
D C Watson
I R Hodges

SECRETARY:

Mrs C D Horncastle

REGISTERED OFFICE:

Unicorn House
8 Innovation Drive
Green Park Road
Newport
East Yorkshire
HU15 2FW

REGISTERED NUMBER:

00813569 (England and Wales)

AUDITORS:

Smailes Goldie
Chartered Accountants
Statutory Auditor
Regent's Court
Princess Street
Hull
East Yorkshire HU2 8BA

BANKERS:

HSBC Bank PLC
Merit House
Saxon Way
Priory Park West
Hessle
East Yorkshire
HU13 9PB

BANKERS:

Handelsbanken
1st Floor
Westcott House
Hesslewood Business Park
Hessle
HU13 OPF

Horncastle Group PLC (Registered number: 00813569)

Strategic Report

for the year ended 31st March 2019

The directors present their strategic report for the year ended 31st March 2019.

REVIEW OF BUSINESS

The company's principle business activities are property development, land promotion and property investment. The directors are satisfied with the underlying performance of the company and are confident that the continued efforts of the company and the company management will ensure further progress.

PRINCIPAL RISKS AND UNCERTAINTIES

The company has carried out a formal exercise to identify and assess the risks that impact on its business. The more significant risks and uncertainties faced by the company were identified as competitive risks such as occupancy rates, margins, return on investment, proposed changes in legislation and financial risks that include credit risk, liquidity risk and interest rate risk, as set out below.

The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company.

Competitive risks

The company has a quarterly review meeting with its property management agent to review occupancy rates, voids, rent reviews and investment opportunities.

The board meets monthly to review the financial performance of the company's development activities and its joint venture projects. Minutes of the meetings are kept and record the status of each project and actions in hand.

Legislative risks

Compliance with relevant legislation is reviewed at each board meeting, supported by reports from the company's advisers on construction, health and safety and property management as required.

Credit risks

The company has implemented policies that require appropriate credit checks on potential customers before rental agreements are entered into.

The company has a policy to check the credit risk in respect of joint venture parties.

Liquidity risk

The company retains sufficient cash to ensure it has sufficient available funds for operations. The company also has access to longer term funding available through its banking facilities, should it be necessary.

Interest rate cash flow risk

The only interest bearing assets that the company has are cash balances earning interest at a floating rate. The company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Fixed asset revaluation risk

The company recognises the risks posed by fluctuations in property values. In response to this, the directors have implemented a policy to review annually the value at which the portfolio is held in the balance sheet. The directors do this by either engaging the services of an independent professional valuer or using its in-house team. The results of this valuation and the supporting rationale are provided to the company's auditors during the annual audit.

Horncastle Group PLC (Registered number: 00813569)

Strategic Report

for the year ended 31st March 2019

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

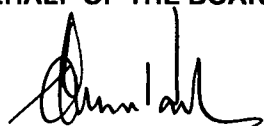
	2019	2018	Change
	£	£	%
Gross profit	2,593,485	1,159,557	124
Operating profit	1,007,114	449,026	124
Profit after taxation	2,479,908	1,308,337	90
Net assets	26,556,495	24,243,139	10

The directors are now well advanced with the implementation of a plan which involved the promotion and development of a pipeline of strategic sites in East Yorkshire and the restructuring of the investment portfolio.

This plan is now delivering tangible benefits in balance sheet growth, operating profits, returns on capital employed and security of revenue streams.

The company is now actively seeking further development opportunities through either land acquisitions or joint ventures.

ON BEHALF OF THE BOARD:



A N Horncastle - Director

25th September 2019

Horncastle Group PLC (Registered number: 00813569)

Report of the Directors

for the year ended 31st March 2019

The directors present their report with the financial statements of the company for the year ended 31st March 2019.

DIVIDENDS

The total distribution of dividends for the year ended 31st March 2019 was £166,552.

A final ordinary dividend of £1.31323 per share was paid after the year.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2018 to the date of this report.

W A Horncastle

A N Horncastle

D C Watson

I R Hodges

DONATIONS

Charitable donations have been made within the year of £85,684 (2018: £28,211)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Horncastle Group PLC (Registered number: 00813569)

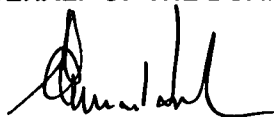
Report of the Directors

for the year ended 31st March 2019

AUDITORS

The auditors, Smailes Goldie, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'A N Horncastle', written over a horizontal line.

A N Horncastle - Director

25th September 2019

Report of the Independent Auditors to the Members of Horncastle Group PLC

Opinion

We have audited the financial statements of Horncastle Group PLC (the 'company') for the year ended 31st March 2019 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Notes to the Cash Flow Statement, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2019 and of its 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 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 the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Horncastle Group PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

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

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

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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.

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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 a Report of the Auditors 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.

Luke Taylor BSc (Hons) ACA (Senior Statutory Auditor)
for and on behalf of Smailes Goldie
Chartered Accountants
Statutory Auditor
Regent's Court
Princess Street
Hull
East Yorkshire HU2 8BA

25th September 2019

Horncastle Group PLC (Registered number: 00813569)

Statement of Comprehensive Income

for the year ended 31st March 2019

	Notes	2019 £	2018 £
INCOME	3	3,436,693	1,782,674
Charges related to income		<u>843,208</u>	<u>623,117</u>
GROSS PROFIT		2,593,485	1,159,557
Administrative expenses		<u>1,586,371</u>	<u>710,531</u>
OPERATING PROFIT	5	1,007,114	449,026
Interest receivable and similar income		13,159	13,289
Gain on revaluation of investment properties		2,117,529	1,329,010
Interest payable and similar expenses	6	<u>(250,748)</u>	<u>(162,982)</u>
PROFIT BEFORE TAXATION		2,887,054	1,628,343
Tax on profit	7	<u>407,146</u>	<u>320,006</u>
PROFIT FOR THE FINANCIAL YEAR		2,479,908	1,308,337
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>2,479,908</u>	<u>1,308,337</u>

The notes form part of these financial statements

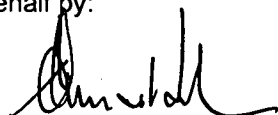
Horncastle Group PLC (Registered number: 00813569)

Balance Sheet

31st March 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	9	28,244,486	24,574,284
Investments	10	<u>605</u>	<u>605</u>
		28,245,091	24,574,889
CURRENT ASSETS			
Development land/buildings	11	10,083,030	13,664,500
Debtors	12	11,674,930	1,040,766
Cash at bank and in hand		<u>740,226</u>	<u>1,463,250</u>
		22,498,186	16,168,516
CREDITORS			
Amounts falling due within one year	13	<u>766,895</u>	<u>4,185,725</u>
NET CURRENT ASSETS		21,731,291	11,982,791
TOTAL ASSETS LESS CURRENT LIABILITIES		49,976,382	36,557,680
CREDITORS			
Amounts falling due after more than one year	14	(21,008,728)	(10,180,672)
PROVISIONS FOR LIABILITIES	18	(1,308,642)	(1,018,495)
ACCRUALS AND DEFERRED INCOME	19	<u>(1,102,517)</u>	<u>(1,115,374)</u>
NET ASSETS		26,556,495	24,243,139
CAPITAL AND RESERVES			
Called up share capital	20	126,827	126,827
Revaluation reserve	21	4,831,805	3,374,906
Capital redemption reserve	21	588,128	588,128
Retained earnings	21	<u>21,009,735</u>	<u>20,153,278</u>
SHAREHOLDERS' FUNDS		26,556,495	24,243,139

The financial statements were approved by the Board of Directors on 25th September 2019 and were signed on its behalf by:



A N Horncastle - Director

The notes form part of these financial statements

Horncastle Group PLC (Registered number: 00813569)

Statement of Changes in Equity

for the year ended 31st March 2019

	Called up share capital £	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Total equity £
Balance at 1st April 2017	126,827	20,142,834	2,243,566	588,128	23,101,355
Changes in equity					
Dividends	-	(166,553)	-	-	(166,553)
Total comprehensive income	-	176,997	1,131,340	-	1,308,337
Balance at 31st March 2018	<u>126,827</u>	<u>20,153,278</u>	<u>3,374,906</u>	<u>588,128</u>	<u>24,243,139</u>
Changes in equity					
Dividends	-	(166,552)	-	-	(166,552)
Total comprehensive income	-	1,023,009	1,456,899	-	2,479,908
Balance at 31st March 2019	<u>126,827</u>	<u>21,009,735</u>	<u>4,831,805</u>	<u>588,128</u>	<u>26,556,495</u>

The notes form part of these financial statements

Horncastle Group PLC (Registered number: 00813569)

Cash Flow Statement

for the year ended 31st March 2019

	Notes	2019 £	2018 £
Cash flows from operating activities			
Cash generated from operations	1	(1,780,904)	(6,697,371)
Interest paid		(217,300)	(129,534)
Finance costs paid		(33,448)	(33,448)
Tax paid		<u>(112,434)</u>	<u>(66)</u>
Net cash from operating activities		<u>(2,144,086)</u>	<u>(6,860,419)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(1,633,501)	(3,671,961)
Sale of tangible fixed assets		150	-
Interest received		<u>13,159</u>	<u>13,289</u>
Net cash from investing activities		<u>(1,620,192)</u>	<u>(3,658,672)</u>
Cash flows from financing activities			
New loans in year		3,207,806	8,153,366
Equity dividends paid		<u>(166,552)</u>	<u>(166,553)</u>
Net cash from financing activities		<u>3,041,254</u>	<u>7,986,813</u>
Decrease in cash and cash equivalents		<u>(723,024)</u>	<u>(2,532,278)</u>
Cash and cash equivalents at beginning of year	2	<u>1,463,250</u>	<u>3,995,528</u>
Cash and cash equivalents at end of year	2	<u><u>740,226</u></u>	<u><u>1,463,250</u></u>

The notes form part of these financial statements

Horncastle Group PLC (Registered number: 00813569)

Notes to the Cash Flow Statement

for the year ended 31st March 2019

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2019 £	2018 £
Profit before taxation	2,887,054	1,628,343
Depreciation charges	77,733	76,946
Loss on disposal of fixed assets	2,945	-
Gain on revaluation of fixed assets	(2,117,529)	(1,329,010)
Transfer from WIP to fixed assets	-	(2,300,535)
Finance costs	250,748	162,982
Finance income	(13,159)	(13,289)
	<u>1,087,792</u>	<u>(1,774,563)</u>
Decrease/(increase) in development land/buildings	3,581,471	(3,690,813)
Increase in trade and other debtors	(10,634,164)	(52,351)
Increase/(decrease) in trade and other creditors	<u>4,183,997</u>	<u>(1,179,644)</u>
Cash generated from operations	<u>(1,780,904)</u>	<u>(6,697,371)</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31st March 2019

	31.3.19 £	1.4.18 £
Cash and cash equivalents	<u>740,226</u>	<u>1,463,250</u>

Year ended 31st March 2018

	31.3.18 £	1.4.17 £
Cash and cash equivalents	<u>1,463,250</u>	<u>3,995,528</u>

Horncastle Group PLC (Registered number: 00813569)

Notes to the Financial Statements

for the year ended 31st March 2019

1. STATUTORY INFORMATION

Horncastle Group PLC is a private company, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

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

Income

Income comprises revenue recognised by the company in respect of such income generated from developments, rental operations and renewables income, exclusive of Value Added Tax and trade discounts. Development income is recognised at the date of completion, rental income is recognised in accordance with the rental agreement on a daily basis and renewables income is recognised based on energy generated on a monthly self billing basis.

Tangible fixed assets

Tangible fixed assets other than investment properties are stated at valuation or cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	- 4 to 5 years
Furniture, fittings and equipment	- 3 to 7 years
Plant and machinery	- straight line over 20 years

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

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

Horncastle Group PLC (Registered number: 00813569)

Notes to the Financial Statements - continued

for the year ended 31st March 2019

2. ACCOUNTING POLICIES - continued

Development land

Work in progress is held in current assets at cost. Subsequently developed properties are either sold to third parties or let to tenants. If the property is sold, the related costs held in WIP are charged to the profit and loss account. If the property is let, then the asset is retained as an investment. At the point of letting, any related costs held in WIP are transferred to Fixed Assets.

Joint venture undertakings

Investments in joint ventures are stated at the company's share of net assets less any provisions for impairment. The company's share of the profits or losses of the joint ventures, if applicable, are included in the statement of comprehensive income using the equity accounting basis.

Jointly controlled operations

In jointly controlled operations where the company acts as developer, the development costs are included in work in progress. The financing loans for such operations are, where they are in the name of the company, included in these accounts.

Income representing the company's net entitlement under such operations is recognised when it is receivable, as the development progresses.

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through profit or loss if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in the statement of comprehensive income.

Government grants

Government grants are recognised at the fair value of the asset received or receivable where there is reasonable assurance that the company will comply with conditions attaching to them and the grants will be received using the accrual basis. Grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants, including ERDF, are credited to the profit and loss account when the asset is sold, or are transferred to the land and buildings within fixed assets to which they relate.

Horncastle Group PLC (Registered number: 00813569)

Notes to the Financial Statements - continued

for the year ended 31st March 2019

3. INCOME

The income generated is separated into that from developments, that from rentals and that from renewable activities. Income generated from developments is attributable to the sale of development land and buildings and project management fees. Income generated from rentals comprises rents receivable and other sundry operating income. Income receivable from renewable activities relates to the sale of energy extracted from renewable sources and the feed-in tariffs payable. A summary of each activity is shown below. All of the income and the profit before tax are wholly attributable to the company's continuing activities in the United Kingdom.

	2019 £	2018 £
Income from development activities	1,211,075	11,250
Income from rental activities	1,932,001	1,487,239
Income from renewable activities	273,617	284,185
Pure Urban management charge	<u>20,000</u>	<u>-</u>
Income	3,436,693	1,782,674
Charges related to development activities	546,340	289,657
Charges related to rental activities	182,765	225,947
Charges related to renewable activities	<u>114,103</u>	<u>107,513</u>
Charges related to income	843,208	623,117
Gross profit	2,593,485	1,159,557

4. EMPLOYEES AND DIRECTORS

	2019 £	2018 £
Wages and salaries	550,781	547,667
Social security costs	73,121	76,072
Other pension costs	<u>38,449</u>	<u>106,792</u>
	662,351	730,531

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

	2019	2018
Administration	4	4
Management	<u>3</u>	<u>3</u>
	7	7

	2019 £	2018 £
Directors' remuneration	444,164	431,794
Directors' pension contributions to money purchase schemes	<u>36,000</u>	<u>105,627</u>

Horncastle Group PLC (Registered number: 00813569)

Notes to the Financial Statements - continued

for the year ended 31st March 2019

4. EMPLOYEES AND DIRECTORS - continued

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>2</u>	<u>2</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	2019 £	2018 £
Emoluments etc	<u>227,299</u>	<u>225,245</u>

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation - owned assets	77,733	76,946
Loss on disposal of fixed assets	2,945	-
Government grant release	(1,200)	(1,200)
Auditors' remuneration	8,015	8,640
Impairment	<u>921,075</u>	<u>-</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2019 £	2018 £
Bank loan interest	217,300	129,534
Non-equity dividends	<u>33,448</u>	<u>33,448</u>
	<u>250,748</u>	<u>162,982</u>

7. TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019 £	2018 £
Current tax:		
UK corporation tax	41,385	36,819
Adjustment from previous years	<u>75,615</u>	<u>-</u>
Total current tax	117,000	36,819
Deferred tax:		
Timing differences	<u>290,146</u>	<u>283,187</u>
Tax on profit	<u>407,146</u>	<u>320,006</u>

Horncastle Group PLC (Registered number: 00813569)

Notes to the Financial Statements - continued

for the year ended 31st March 2019

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £	2018 £
Profit before tax	<u>2,887,054</u>	<u>1,628,343</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018 - 19%)	548,540	309,385
Effects of:		
Expenses not deductible for tax purposes	3,064	10,849
Depreciation in excess of capital allowances	555	-
Adjustments in respect of previous years	9,172	-
Change in rate of deferred tax	(153,957)	-
Grant income release	<u>(228)</u>	<u>(228)</u>
Total tax charge	<u>407,146</u>	<u>320,006</u>

8. DIVIDENDS

	2019 £	2018 £
Ordinary shares of £1 each		
Final	<u>166,552</u>	<u>166,553</u>

In addition, the company has paid £33,448 (2018: £33,448) to the holders of the 'A' ordinary shares which, because of the rights attaching to those shares, has been treated as interest paid (see note 6).

9. TANGIBLE FIXED ASSETS

	Investment property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1st April 2018	23,352,611	1,362,840	46,050	4,649	24,766,150
Additions	1,629,860	-	3,641	-	1,633,501
Disposals	-	-	(6,339)	-	(6,339)
Revaluations	<u>2,117,529</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,117,529</u>
At 31st March 2019	<u>27,100,000</u>	<u>1,362,840</u>	<u>43,352</u>	<u>4,649</u>	<u>28,510,841</u>
DEPRECIATION					
At 1st April 2018	-	169,348	19,996	2,522	191,866
Charge for year	-	68,142	8,427	1,164	77,733
Eliminated on disposal	-	-	(3,244)	-	(3,244)
At 31st March 2019	-	<u>237,490</u>	<u>25,179</u>	<u>3,686</u>	<u>266,355</u>
NET BOOK VALUE					
At 31st March 2019	<u>27,100,000</u>	<u>1,125,350</u>	<u>18,173</u>	<u>963</u>	<u>28,244,486</u>
At 31st March 2018	<u>23,352,611</u>	<u>1,193,492</u>	<u>26,054</u>	<u>2,127</u>	<u>24,574,284</u>

Horncastle Group PLC (Registered number: 00813569)

Notes to the Financial Statements - continued

for the year ended 31st March 2019

9. TANGIBLE FIXED ASSETS - continued

Investment properties were revalued on a fair value basis during the year ended 31st March 2019 by the directors.

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Joint ventures and associates £	Other investment £	Total £
Cost or valuation: At 1st April 2016 and 31st March 2017	<u>104</u>	<u>500</u>	<u>1</u>	<u>605</u>

Details of the principal subsidiaries and joint ventures are as follows:

Principal subsidiaries	Country	% shareholding	Description
Cavermill Estates Limited	UK	100	Dormant
Horncastle Homes Limited	UK	100	Dormant
Horncastle Properties Limited	UK	100	Dormant
Clarpont Limited	UK	100	Dormant
Principal joint ventures and associates	Country	% shareholding	Description
Pure Urban Limited	UK	33	Property Development

The company holds one share to the value of £1 in the company Gojok Limited.

11. DEVELOPMENT LAND/BUILDINGS

	2019 £	2018 £
Work-in-progress	7,120,709	10,778,775
Land	<u>2,962,321</u>	<u>2,885,725</u>
	<u>10,083,030</u>	<u>13,664,500</u>

12. DEBTORS

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	275,686	120,987
Other debtors	229,595	422,924
Prepayments and accrued income	<u>126,186</u>	<u>324,988</u>
	<u>631,467</u>	<u>868,899</u>

Horncastle Group PLC (Registered number: 00813569)

Notes to the Financial Statements - continued

for the year ended 31st March 2019

12. DEBTORS - continued

	2019 £	2018 £
Amounts falling due after more than one year:		
Other debtors	11,033,886	157,790
Prepayments and accrued income	<u>9,577</u>	<u>14,077</u>
	<u>11,043,463</u>	<u>171,867</u>
Aggregate amounts	<u>11,674,930</u>	<u>1,040,766</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Other loans (see note 15)	-	3,070,250
Trade creditors	102,257	155,887
Amounts owed to group undertakings	104	104
Corporation tax	41,385	36,819
Social security and other taxes	61,673	28,101
Accruals and deferred income	<u>561,476</u>	<u>894,564</u>
	<u>766,895</u>	<u>4,185,725</u>

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

	2019 £	2018 £
Bank loans (see note 15)	6,925,000	5,925,000
Other loans (see note 15)	8,914,325	3,636,269
Other creditors	4,550,000	-
Share capital treated as debt	<u>619,403</u>	<u>619,403</u>
	<u>21,008,728</u>	<u>10,180,672</u>

The company has issued 619,403 'A' ordinary shares of £1 each, which are treated as debt.

The rights attached to the 'A' ordinary shares are as follows:

Dividend	The 'A' ordinary shares carry an annual gross preferential dividend of 5.4 pence each. The dividend rights are cumulative.
Voting rights	The 'A' ordinary shares carry voting rights which rank pari passu with the ordinary shares on a show of hands but carry only one vote for every 100,000 shares held in a poll vote.
Winding up	On a winding up of the company the 'A' ordinary shareholders have a right to receive, in preference to payments to ordinary shareholders, £1 per share.

Horncastle Group PLC (Registered number: 00813569)

Notes to the Financial Statements - continued

for the year ended 31st March 2019

15. LOANS

An analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year or on demand:		
Home England loan	-	3,070,250
Amounts falling due between one and two years:		
Homes England loan	8,914,325	3,636,269
Amounts falling due between two and five years:		
Bank loans - 2-5 years	6,925,000	5,925,000

Interest at 2.45% above LIBOR is charged on the bank loans of £6,925,000. Of these bank loans, £3,925,000 is repayable on 14 February 2022, £1,000,000 is repayable on 11 September 2022, £1,000,000 is repayable on 15 March 2022 and £1,000,000 is repayable on 25 May 2023.

The Homes England loan is repayable from the sales proceeds of third-party land from a major jointly controlled operation as it progresses. It is expected to be wholly repaid by 31st December 2022.

16. LEASING AGREEMENTS

The investment property is divided into properties which are let out to tenants under operating leases. At the year end the committed lease receipts due under non-cancellable leases are as follows:

	2019 £	2018 £
Falling due:		
Within one year	1,931,963	1,738,934
Between one and five years	6,634,694	5,695,624
Over five years	10,379,288	7,408,598
	18,945,945	14,843,156

17. SECURED DEBTS

The following secured debts are included within creditors:

	2019 £	2018 £
Bank loans	6,925,000	5,925,000
Homes England loan	8,914,325	6,706,519
	15,839,325	12,631,519

The Homes England loan is secured against third party land within the jointly controlled operation.

The Handelsbanken loans are secured against investment properties.

Horncastle Group PLC (Registered number: 00813569)

Notes to the Financial Statements - continued

for the year ended 31st March 2019

18. PROVISIONS FOR LIABILITIES

	2019 £	2018 £
Deferred tax		
Accelerated capital allowances	450,342	394,548
Property revaluations	858,300	623,947
	<u>1,308,642</u>	<u>1,018,495</u>
		Deferred tax £
Balance at 1st April 2018		1,018,495
Charge to comprehensive income		<u>290,147</u>
Balance at 31st March 2019		<u>1,308,642</u>

Deferred tax has been calculated at 17% (2018:19%). The expected net reversal of deferred tax assets and liabilities in 2020 is £274. This is due to the reversal of accelerated capital allowances.

19. ACCRUALS AND DEFERRED INCOME

	2019 £	2018 £
Deferred government grants	<u>1,102,517</u>	<u>1,115,374</u>

The deferred ERDF and other government grants of £1,102,517 (2018 £1,115,374) relating to developments at Green Park and The Beacon are secured on the properties to which they relate. The grants only become repayable by the company, if the properties are not used for the purposes covered by the planning permissions whilst in the company's ownership or up to 31st December 2020, whichever occurs first.

20. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
126,827	Ordinary	£1	<u>126,827</u>	<u>126,827</u>

Horncastle Group PLC (Registered number: 00813569)

Notes to the Financial Statements - continued

for the year ended 31st March 2019

21. RESERVES

	Retained earnings £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1st April 2018	20,153,278	3,374,906	588,128	24,116,312
Profit for the year	2,479,908	-	-	2,479,908
Dividends	(166,552)	-	-	(166,552)
Revaluation	<u>(1,456,899)</u>	<u>1,456,899</u>	<u>-</u>	<u>-</u>
At 31st March 2019	<u>21,009,735</u>	<u>4,831,805</u>	<u>588,128</u>	<u>26,429,668</u>

Retained earnings

Retained earnings represents cumulative profits and losses net of dividends and other adjustments.

Capital redemption reserve

The capital redemption reserve represents the cumulative effect of the issue of preference shares.

Revaluation reserve

The revaluation value reserve represents non-distributable revaluation gains on investment properties, net of related deferred tax.

22. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for senior employees. The scheme is a funded scheme whose assets are held separately from those of the company in separately administered funds. There were no unpaid contributions at 31st March 2019 or 31st March 2018.

23. RELATED PARTY DISCLOSURES

During the year the company entered into transactions with related parties, in the ordinary course of business, details of which are as follows:

Payments of £173,068 (2018: £173,882) were made to companies controlled by key management personnel in respect of property rental, maintenance and advisory services, secretarial and administrative services during the year. At 31st March 2019 there was a debtor of £9,557 (2018: £9,079).

The company received management charges of £20,000 (2018: £Nil) from its joint venture company.

The company received £Nil (2018: £20,000) from its joint venture company in respect of a loan previously written off.

Key management remuneration is disclosed in note 4 as directors' remuneration.

24. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is A N Horncastle.

Horncastle Group PLC (Registered number: 00813569)

Notes to the Financial Statements - continued

for the year ended 31st March 2019

25. JOINTLY CONTROLLED OPERATION

The company is party to a jointly controlled operation with two other interested parties in the capacity of land owners.

As well as being a land owner, the company also acts as developer for the jointly controlled operation. In order to assist with the financing of this operation, the company is party to a loan facility agreement with Homes England (formerly Homes and Communities Agency). The liability to Homes England at 31st March 2019 was £8,914,325 and the security given is described in Note 17.

In addition, the company also has other long-term liabilities of £4,550,000 relating to the operation.

The company has acted as developer for the jointly controlled operation during the year and continues to incur costs in that capacity, but the ultimate economic outcome of the operation remains uncertain, due to a number of risk factors that are continually assessed by the directors. These risk factors associated with the overall development project include sales market risk, development cost risk, funding risk and the planning consent risk.

Fees and gains from the operation are only payable to the interested parties after the developer's costs and other liabilities associated with the operation have been settled. A sale has been made during the year and this has resulted in debtors totalling £10,843,223 in respect of developer's work in progress costs, which the directors believe are recoverable after more than one year.

The company has also incurred additional expenditure on this operation of £5,114,297, included in work in progress, which relates directly to anticipated future sales and is repayable before any fees and gains are distributed to the interested parties.

As the ultimate economic outcome of the operation remains uncertain, due to the risk associated with the development project, payment of fees and gains to the interested parties, although recognisable for accounting purposes as the development proceeds, are at this stage of the operation not believed to be recoverable by the directors and have therefore been impaired to £Nil. The impairment totalled £1,016,184.