

Registration number: 03795377

# Horton Road Limited

Annual report and financial statements

for the year ended 31 December 2015



## **Horton Road Limited**

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## **Horton Road Limited**

### **Director's report**

#### **For the year ended 31 December 2015**

The annual report on the affairs of the company, together with the audited financial statements and auditor's report, for the year ended 31 December 2015.

The directors took advantage of the small companies' exemption in not preparing a Strategic report. The directors have taken the exemptions provided to small companies and no enhanced business review is provided.

#### **Principal activity**

The principal activity of the company is the development of land and property. The company continues to pursue a number of development opportunities.

#### **Results and dividends**

The loss for the financial year was £1,190,006 (2014: £482,119).

The directors do not recommend the payment of a dividend (2014: £nil).

#### **Post Balance Sheet Events**

On 12 February 2016, the company disposed of all its tangible assets to a fellow group undertaking for £47,223,360.

#### **Directors of the company**

The directors who served throughout the year were as follows:

N D M Smith - Company secretary and director

A D Griffiths

P D Weston

M Dalton (appointed 3 December 2015)

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

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

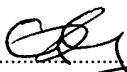
**Horton Road Limited**

**Director's report (continued)  
For the year ended 31 December 2015**

**Auditor**

Pursuant to Section 487 (2) of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 08/09/2016 and signed on its behalf by:

  
.....  
A D Griffiths  
Director

Prologis House  
1 Monkspath Hall Road  
Solihull  
West Midlands  
B90 4FY

## **Horton Road Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the director must not approve the financial statements unless 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 director is required to:

- select suitable accounting policies and 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **Independent auditor's report to the members of Horton Road Limited**

We have audited the financial statements of Horton Road Limited for the year ended 31 December 2015 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' responsibilities statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

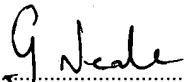
In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditor's report to the members of Horton Road Limited (continued)**

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

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



.....  
Graham Neale (Senior Statutory Auditor)  
For and on behalf of KPMG LLP  
Chartered Accountants and Statutory Auditor  
One Snow Hill  
Snow Hill Queensway  
Birmingham  
United Kingdom  
B4 6GH

Date: 8 September 2016

## Horton Road Limited

### Profit and loss account

For the year ended 31 December 2015

	Note	2015 £	2014 £
Administrative expenses		<u>(11,174)</u>	<u>(162,386)</u>
<b>Operating loss</b>		(11,174)	(162,386)
Interest payable and similar charges	5	<u>(1,179,462)</u>	<u>(319,733)</u>
<b>Loss on ordinary activities before taxation</b>	4	(1,190,636)	(482,119)
Tax on loss on ordinary activities	7	<u>630</u>	<u>-</u>
<b>Loss for the financial year</b>		<u><u>(1,190,006)</u></u>	<u><u>(482,119)</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year other than the results above and therefore, no statement of comprehensive income is presented.



## Horton Road Limited

### Balance sheet

As at 31 December 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	8	27,973,350	27,973,350
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	759,400	758,770
<b>Creditors: amounts falling due within one year</b>	10	<u>(15,175)</u>	<u>(4,000)</u>
<b>Net current assets</b>		<u>744,225</u>	<u>754,770</u>
<b>Creditors: amounts falling due after more than one year</b>	11	<u>(37,991,266)</u>	<u>(36,811,805)</u>
<b>Net liabilities</b>		<u>(9,273,691)</u>	<u>(8,083,685)</u>
<b>Capital and reserves</b>			
Called-up share capital	12	28,000,002	28,000,002
Profit and loss account	12	<u>(37,273,693)</u>	<u>(36,083,687)</u>
<b>Shareholder's deficit</b>		<u>(9,273,691)</u>	<u>(8,083,685)</u>

The financial statements of Horton Road Limited (registration number: 03795377) were approved by the director and authorised for issue on 08/09/2016

  
A D Griffiths  
Director

**Horton Road Limited****Statement of changes in equity  
For the year ended 31 December 2015**

	<b>Called-up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 1 January 2014</b>	28,000,002	(35,601,568)	(7,601,566)
Loss for the year	-	(482,119)	(482,119)
<b>At 31 December 2014</b>	<u>28,000,002</u>	<u>(36,083,687)</u>	<u>(8,083,685)</u>

	<b>Called-up share capital £</b>	<b>Profit and loss account £</b>	<b>Total £</b>
<b>At 1 January 2015</b>	28,000,002	(36,083,687)	(8,083,685)
Loss for the year	-	(1,190,006)	(1,190,006)
<b>At 31 December 2015</b>	<u>28,000,002</u>	<u>(37,273,693)</u>	<u>(9,273,691)</u>

## **Horton Road Limited**

### **Notes to the financial statements For the year ended 31 December 2015**

#### **1 General information**

Horton Road Limited ("the company") is a private company limited by share capital incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:

1 Monkspath Hall Road  
Solihull  
West Midlands  
B90 4FY

The nature of the company's operations and its principal activities are set out in the Director's report on page 1.

#### **2 Accounting policies**

##### **Summary of significant accounting policies**

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

##### **Statement of compliance**

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

##### **Basis of accounting**

These financial statements have been prepared under the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

The functional currency of Horton Road Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

In the transition to FRS 102 from UK GAAP, the company has made no measurement and recognition adjustments.

Horton Road Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it. Exemptions have been taken in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

##### **Related party disclosure exemption**

The company has taken advantage of the exemption available under FRS 102, section 33.1A, not to disclose transactions with wholly-owned members of the Prologis group.

##### **Going concern**

The company has net liabilities of £9,273,691 (2014: £8,083,685). Prologis, Inc., the company's ultimate parent undertaking, has indicated that it will provide or procure such funds as necessary to enable the company to settle all liabilities as they fall due. Therefore they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

## **Horton Road Limited**

### **Notes to the financial statements**

#### **For the year ended 31 December 2015 (continued)**

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

### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

### **Tangible assets**

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

### **Depreciation**

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

<b>Asset class</b>	<b>Depreciation rate</b>
Buildings	2.5%
Office equipment	25%-33%
Leasehold improvements	Remaining lease term

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

Assets in the course of construction represent costs incurred in relation to the land held for development.

### **Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

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 company after deducting all of its liabilities.

## **Horton Road Limited**

### **Notes to the financial statements For the year ended 31 December 2015 (continued)**

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

##### **Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### **Trade and other debtors**

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

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

##### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

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

##### **Tax**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

## **Horton Road Limited**

### **Notes to the financial statements For the year ended 31 December 2015 (continued)**

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

##### **Tax (continued)**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Turnover**

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

##### **Finance costs**

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account.

Other interest receivable and similar income includes interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

##### **Cash and cash equivalents**

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

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

## Horton Road Limited

### Notes to the financial statements

#### For the year ended 31 December 2015 (continued)

#### 3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 4 Loss on ordinary activities before taxation

The analysis of the auditor's remuneration is as follows:

	2015 £	2014 £
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	5,762	4,000
Total audit fees	5,762	4,000
Total non-audit fees	-	-

#### 5 Interest payable and similar charges

	2015 £	2014 £
Interest payable to group undertakings	1,179,462	319,733

#### 6 Directors' remuneration

The four (2014: seven) directors received no remuneration for the year ended 31 December 2015 (2014: £nil).

#### 7 Tax on loss on ordinary activities

The tax charge comprises:

## Horton Road Limited

### Notes to the financial statements For the year ended 31 December 2015 (continued)

#### 7 Tax on loss on ordinary activities (continued)

	2015 £	2014 £
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Accelerated capital allowances	(630)	-
<b>Total deferred tax</b>	(630)	-
<b>Total tax on loss on ordinary activities</b>	(630)	-

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2014: higher than the standard rate of corporation tax in the UK) of 20.25% (2014: 21.5%).

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2015 £	2014 £
<b>Loss on ordinary activities before tax</b>	(1,190,636)	(482,119)
Tax on loss on ordinary activities at standard UK corporation tax rate of 20.25% (2014: 21.5%)	(241,104)	(103,656)
Effects of:		
Expenses not deductible for tax purposes	-	(188)
Effect of rate change	69	(14)
Prior period adjustments	(855)	-
Group relief not paid for	241,260	103,858
<b>Tax credit for the year</b>	(630)	-

#### Factors that may affect future tax charges

No account has been taken of the potential deferred tax asset of £663,801(2014:£738,412) calculated at 18% (2014: 20%) (representing losses carried forward and accelerated capital allowances) owing to the uncertainty over the utilisation of the losses and deductions available.

#### 8 Tangible assets

	Assets in the course of construction £
<b>Cost or valuation</b>	
At 1 January 2015	58,994,338
At 31 December 2015	58,994,338



# Horton Road Limited

## Notes to the financial statements For the year ended 31 December 2015 (continued)

### 8 Tangible assets (continued)

	Assets in the course of construction £
<b>Depreciation</b>	
At 1 January 2015	<u>31,020,988</u>
At 31 December 2015	<u>31,020,988</u>
<b>Net book value</b>	
At 31 December 2015	<u>27,973,350</u>
At 31 December 2014	<u>27,973,350</u>

### 9 Debtors

	2015 £	2014 £
<b>Amounts falling due within one year:</b>		
Restricted cash	758,770	758,770
Deferred tax asset	<u>630</u>	<u>-</u>
	<u>759,400</u>	<u>758,770</u>

### 10 Creditors: amounts falling due within one year

	2015 £	2014 £
Amounts owed to group undertakings	3,410	-
Other creditors	1,101	-
Accruals and deferred income	<u>10,664</u>	<u>4,000</u>
	<u>15,175</u>	<u>4,000</u>

### 11 Creditors: amounts falling due after more than one year

	2015 £	2014 £
Amounts owed to group undertakings	<u>37,991,266</u>	<u>36,811,805</u>

## Horton Road Limited

### Notes to the financial statements

For the year ended 31 December 2015 (continued)

#### 12 Called-up share capital and reserves

##### Authorised, allotted, called-up and fully paid shares

	No.	2015 £	No.	2014 £
Ordinary shares of £1 each	<u>28,000,002</u>	<u>28,000,002</u>	<u>28,000,002</u>	<u>28,000,002</u>

The company's other reserves are as follows:

Profit and loss account

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

#### 13 Ultimate controlling party

The ultimate controlling party is Prologis, Inc., a Real Estate Investment Trust incorporated in Maryland, USA.

Horton Road Limited is a subsidiary of Prologis Group Holdings Limited, whose parent company is Prologis UK Holdings SA, a company incorporated in Luxembourg. 100% of the voting rights and entire preference share capital of Prologis UK Holdings SA are held by Prologis, Inc..

The company's ultimate parent undertaking, Prologis, Inc., includes the company in its consolidated financial statements. The consolidated financial statements of 31st December 2015 are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Pier 1, Bay 1, San Francisco, 94111, California, United States of America.

#### 14 Transition to FRS 102

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. Intercompany balances previously classified as falling due within one year have been reclassified to falling due after more than one year following a review of contractual terms.

# Horton Road Limited

## Notes to the financial statements

For the year ended 31 December 2015 (continued)

### 14 Transition to FRS 102 (continued)

#### Balance sheet at 31 December 2014

	Adopted UK GAAP £	Adjustments £	FRS 102 £
<b>Fixed assets</b>			
Tangible assets	27,973,350	-	27,973,350
<b>Current assets</b>			
Debtors: amounts falling due within one year	758,770	-	758,770
<b>Creditors: amounts falling due within one year</b>	<u>(36,815,805)</u>	<u>36,811,805</u>	<u>(4,000)</u>
<b>Net current (liabilities)/assets</b>	<u>(36,057,035)</u>	<u>36,811,805</u>	<u>754,770</u>
<b>Creditors: amounts falling due after more than one year</b>	<u>-</u>	<u>(36,811,805)</u>	<u>(36,811,805)</u>
<b>Net liabilities</b>	<u>(8,083,685)</u>	<u>-</u>	<u>(8,083,685)</u>
<b>Capital and reserves</b>			
Called-up share capital	28,000,002	-	28,000,002
Profit and loss account	<u>(36,083,687)</u>	<u>-</u>	<u>(36,083,687)</u>
<b>Shareholder's deficit</b>	<u>(8,083,685)</u>	<u>-</u>	<u>(8,083,685)</u>

### 15 Post Balance Sheet Events

On 12 February 2016, the company disposed of all its tangible assets to a fellow group undertaking for £47,223,360.