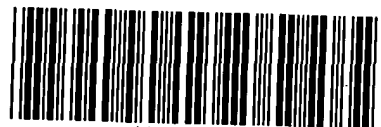


**ANNINGTON DEVELOPMENTS
(HOLDINGS) LIMITED**

Annual Report and Financial Statements

For the year ended 31 March 2017

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ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2017. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption under the Companies Act 2006. A Strategic Report has not been prepared in accordance with the exemption entitled to small companies under s414 of the Companies Act 2006.

DIRECTORS

The directors who served during year, and to the date of this report were:

J C Hopkins
A P Chadd
N P Vaughan
S K Webber

Qualifying third party indemnity provisions were in place for all directors of the company for the current and preceding year.

DIVIDENDS

No dividends have been paid or proposed during the year (2016: £nil).

PRINCIPAL ACTIVITIES

The Annington Developments (Holdings) Limited Group ("Developments Group") was established in 1999 with the purpose of providing planning and development support to the wider Annington Limited Group (wider Group). Where opportunities arise to create added value through infill development or wholesale redevelopment of landholdings, the Developments Group will carry out limited development on its own account and enter into joint venture arrangements with other landowners and developers where the combination of skills will yield higher returns.

GOING CONCERN

After making enquiries the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis are to be found in Note 2 to the financial statements.

FUTURE DEVELOPMENTS

Future developments and other factors not under the control of the Company may impact on the ongoing operations of the business, however, the directors expect the business to continue, for the foreseeable future, in a manner consistent with its historical operations.

FINANCIAL RISK MANAGEMENT

The Company has no external debt and is financed by another company within the Group and may seek further financing from such sources in the future. The loan bears a fixed rate of interest, which mitigates the risk of fluctuating interest rates.

The risk of debtor non-payment is mitigated by the nature of the debtor balances owed, being due from subsidiary companies, with impairments recorded to recognise these balances at the estimated recoverable amounts.

Liquidity risk is mitigated through the ability to enter financing arrangements with group members.

ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

DIRECTORS' REPORT (continued)

AUDITOR

Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself 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.

Deloitte LLP have expressed their willingness to continue in office as auditor and arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



A P Chadd
Director
6 October 2017

REGISTERED OFFICE

1 James Street
London, United Kingdom
W1U 1DR

ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

We have audited the financial statements of Annington Developments (Holdings) Limited for the year ended 31 March 2017 which comprise the income statement, balance sheet, statement of changes in equity and the related notes 1 to 11. 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 101 'Reduced Disclosure Framework'.

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 Statement of directors' responsibilities, the directors are 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on 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 March 2017 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, based on the work undertaken in the course of the audit:

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

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 any material misstatements in the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANNINGTON DEVELOPMENTS (HOLDINGS) 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 in preparing the directors' report and strategic report.



Richard Howe (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
6 October 2017

ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

INCOME STATEMENT

For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Impairment of intercompany loans	3, 7	(9,422)	(13,876)
Operating loss	3	(9,422)	(13,876)
Finance income		8,470	7,674
Finance costs		(797)	(544)
Loss before taxation		(1,749)	(6,746)
Taxation	5	-	-
Loss for the financial year		(1,749)	(6,746)
Loss attributable to shareholder		(1,749)	(6,746)

There were no items of other comprehensive income or expense and therefore the loss for the year reflects the Company's total comprehensive income.

ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

BALANCE SHEET At 31 March 2017

	Note	2017 £'000	2016 £'000
Non-current assets			
Investment in subsidiary companies	6	-	-
Receivables	7	8,962	7,495
Total assets		<u>8,962</u>	<u>7,495</u>
Total assets less current liabilities		<u>8,962</u>	<u>7,495</u>
Non-current liabilities			
Borrowings	8	(11,325)	(8,109)
Net liabilities		<u>(2,363)</u>	<u>(614)</u>
Capital and reserves			
Share capital	9	-	-
Retained earnings - distributable		(2,363)	(614)
Total equity		<u>(2,363)</u>	<u>(614)</u>

The accompanying notes (1 to 11) should be read in conjunction with these financial statements.

The financial statements of Annington Developments (Holdings) Limited, registered number 03818327, were approved by the Board of Directors and authorised for issue on 6 October 2017.

Signed on behalf of the Board of Directors



A P Chadd

Director

ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

STATEMENT OF CHANGES IN EQUITY For the year ended 31 March 2017

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
At 1 April 2015		-	6,132	6,132
Loss attributable to shareholder		-	(6,746)	(6,746)
Balance at 31 March 2016		-	(614)	(614)
Loss attributable to shareholder		-	(1,749)	(1,749)
Balance at 31 March 2017		-	(2,363)	(2,363)

ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017

1. CORPORATE INFORMATION

Annington Developments (Holdings) Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of its registered office is 1 James Street, London W1U 1DR. Information on the Company's ultimate parent is presented in Note 11.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"), and with the Companies Act 2006.

For the year ended 31 March 2016, the Company prepared its financial statements in accordance with the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102"). These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with FRS 101. There were no adjustments on transition.

The financial statements are presented in pound sterling and rounded to the nearest thousand (£000), except where otherwise indicated. They have been prepared under the historical cost basis, except for investment in subsidiary companies that is measured at fair value at the end of each reporting period.

Exemptions for qualifying entities under FRS 101

FRS 101 permits a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been applied by the Company. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU-adopted International Financial Reporting Standards, including an opening Statement of Financial Position;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- certain disclosures in respect of financial instruments;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with wholly-owned members of the Group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Annington Limited, which are publicly available.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are in the directors' report, which also describes the principal activities of the company and its financial risk management objectives.

The Company is a holding company and has no day to day working capital requirements.

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Group financial statements

The Company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of another company and for which consolidated financial statements are prepared.

ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting judgements and estimates

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom be exactly the same as the related actual results.

Impairment of intercompany loans

The estimation of the recoverable value for the Company's intercompany loans are based on the future estimated recoverability of the underlying investments. These investments relate to ventures that engage in property and land development and their recoverable values are inherently subjective. This is due to a number of factors, including the complexity of the developments, the substantial expenditure required and long timescales to completion. As a result, the recoverable value is subject to a degree of uncertainty and is determined on the basis of assumptions which may not prove to be accurate.

3. OPERATING LOSS

	2017 £'000	2016 £'000
Operating loss is stated after charging:		
Impairment of intercompany loans	9,422	13,876

The auditor's remuneration was £6,400 (2016: £6,700) for the audit of the Company's annual financial statements, and was borne by another group company, in the current and preceding year.

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditor for 'Other services' as this information is included in the consolidated financial statements of Annington Limited.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no emoluments for their services to the Company in the current and preceding year.

The Company had no employees of its own during the current or preceding year. The cost of performing work for the Company is borne by another group company.

5. TAXATION

ACCOUNTING POLICY

The taxation expense for the year comprises current and deferred tax. Tax is recognised in the income statement.

Current tax

Current tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Taxable profit differs from profit before tax as reported in the income statement because it excludes some items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017 (continued)

5. TAXATION (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

	2017 £'000	2016 £'000
Current tax		
United Kingdom corporation tax at 20% (2016: 20%)	-	-
Deferred tax		
Deferred taxation: origination and reversal of timing differences	-	-
Total tax on loss	-	-

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 20% (2016: 20%). The tax for the year differs from the standard tax rate for the reasons set out in the following reconciliation:

	2017 £'000	2016 £'000
Loss before tax	(1,749)	(6,746)
Tax on loss at standard rate	(350)	(1,349)
Factors affecting the current tax for the year:		
Expenses not deductible for tax purposes	2,044	2,884
Non-taxable income	(1,694)	(1,535)
Tax for the year	-	-

From 1 April 2016, the headline rate of corporation tax was 20%. It will be reduced to 19% from 1 April 2017, and further reduced to 17% from 1 April 2020, with these rates substantively enacted at the current balance sheet date. Deferred tax balances at 31 March 2017 are measured at 17% (2016: 18%).

No deferred tax liabilities are recognised on temporary differences associated with investment in subsidiaries for the current year and preceding year.

ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017 (continued)

6. INVESTMENTS IN SUBSIDIARY COMPANIES

ACCOUNTING POLICY

The Company has elected to account for its investments in subsidiaries at fair value. Fair value is determined by reference to the discount or premium to net asset value of similar investments listed on the London Stock Exchange. If the carrying amount is increased or decreased as a result of a revaluation, the change is recognised in other comprehensive income and accumulated in equity. If a revaluation decrease exceeds the accumulated revaluation gains in equity and there is objective evidence of impairment, the excess is recognised in profit or loss.

The market value of the investment in subsidiaries was £nil at 31 March 2017 (2016: £nil). The historical cost of the investment in subsidiaries was £nil at 31 March 2017 (2016: £nil).

The Company's subsidiary undertakings at 31 March 2017, in which it owns ordinary shares, are shown below:

Name of subsidiary undertaking	Country of incorporation	Principal activity
Annington Developments Limited	United Kingdom	Property development
Annington (DA) Investments Limited	United Kingdom	Property investment

These undertakings at 31 March 2017 are wholly owned and included in the consolidated financial statements of the ultimate holding company, Annington Limited. The registered office for all subsidiary undertakings is 1 James Street, London W1U 1DR.

7. RECEIVABLES

ACCOUNTING POLICY

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment.

	2017 £'000	2016 £'000
Amounts owed by group undertakings	8,962	7,495

Amounts due from group undertakings include £89.6 million (2016: £82.9 million) which is unsecured, interest bearing of 8% and is repayable in March 2025 and £25.8 million (2016: £21.6 million) which is unsecured, interest bearing of 7.84% and is repayable in March 2025. Impairments of £82.9 million and £14.1 million respectively, were recorded as at 31 March 2016. Due to the impairments recognised in prior years, these balances were tested for impairment in the current year. As a result, a further impairment of £9.4 million was recorded as at 31 March 2017. At that date, the total impairments were £89.6 million and £16.8 million.

ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2017 (continued)

8. BORROWINGS

ACCOUNTING POLICY

After initial recognition at fair value, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method, such that discounts and costs are charged to the income statement over the term of the borrowing at a constant return on the carrying amount of the liability. The debt and associated accrued interest is classified as current and non-current based on the contractual payments required within 12 months of the balance sheet date.

	2017 £'000	2016 £'000
Amounts due to group undertakings	11,325	8,109

Amounts due to group undertakings are unsecured, interest bearing at 8% and have a fixed date of repayment of 31 March 2020.

9. SHARE CAPITAL

	2017 £	2016 £
Authorised, issued and fully paid		
1 ordinary share of 1p	0.01	0.01
	0.01	0.01

10. RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary within the Annington Limited Group and is included in the consolidated financial statements of Annington Limited. The Company has taken advantage of the exemption provided in paragraph 8(k) of FRS 101 not to make disclosure of transactions with other wholly-owned entities that are part of the same group.

11. CONTROLLING PARTY

Annington Homes Limited, a company incorporated in the United Kingdom, is the immediate parent company.

The directors regard Terra Firma Holdings Limited, a company registered in Guernsey, as the ultimate parent entity. The ultimate controlling party is Guy Hands.

Annington Limited is the parent company of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up. The Annual Report and Financial Statements for Annington Limited are available on request from the registered office at 1 James Street, London W1U 1DR.