

**ANNINGTON DEVELOPMENTS  
(HOLDINGS) LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 March 2019**

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# **ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019**

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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 2019. 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 unless otherwise stated were:

J C Hopkins

A P Chadd

N P Vaughan

S K Webber (resigned 1 August 2018)

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 (2018: £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  
16 August 2019

**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**

## **Report on the audit of the financial statements**

### **Opinion**

In our opinion the financial statements of Annington Developments (Holdings) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the balance sheet;
- the 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, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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 is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## **Report on other legal and regulatory requirements**

### **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 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.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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 from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Howe FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
16 August 2019

# ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

## INCOME STATEMENT

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Impairment of intercompany loans	3, 7	(7,738)	(7,165)
Impairment reversals on intercompany loans	3, 7	-	5,611
<b>Operating loss</b>	3	(7,738)	(1,554)
Finance income		9,234	8,619
Finance costs		(275)	(324)
<b>Profit before taxation</b>		1,221	6,741
Taxation	5	-	-
<b>Profit for the financial year</b>		1,221	6,741
<b>Profit attributable to shareholder</b>		1,221	6,741

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



# ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

## BALANCE SHEET

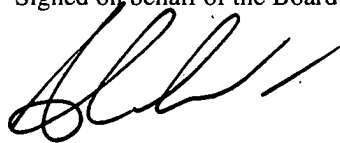
At 31 March 2019

	Note	2019 £'000	2018 £'000
<b>Non-current assets</b>			
Investment in subsidiary companies	6	-	-
Receivables	7	9,487	8,981
<b>Total assets</b>		<u>9,487</u>	<u>8,981</u>
<b>Current liabilities</b>			
Borrowings	8	(3,888)	-
<b>Non-current liabilities</b>			
Borrowings	8	-	(4,603)
<b>Total liabilities</b>		<u>(3,888)</u>	<u>(4,603)</u>
<b>Net assets</b>		<u>5,599</u>	<u>4,378</u>
<b>Capital and reserves</b>			
Share capital	9	-	-
Retained earnings - distributable		5,599	4,378
<b>Total equity</b>		<u>5,599</u>	<u>4,378</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 16 August 2019.

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 2019

	Note	Share capital £'000	Retained earnings £'000	Total equity £'000
<b>At 1 April 2017</b>		-	(2,363)	(2,363)
Profit attributable to shareholder		-	6,741	6,741
<b>Balance at 31 March 2018</b>		-	4,378	4,378
Profit attributable to shareholder		-	1,221	1,221
<b>Balance at 31 March 2019</b>		-	5,599	5,599

# **ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2019**

### **1. CORPORATE INFORMATION**

Annington Developments (Holdings) Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act 2006. 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.

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.

#### **New Standards, interpretations and amendments effective from 1 April 2018**

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 April 2018, have had a material impact on the company.

#### **Critical accounting judgements and key estimation uncertainties**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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.

# ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019 (continued)

### 3. OPERATING LOSS

	2019 £'000	2018 £'000
<b>Operating loss is stated after charging:</b>		
Impairment of intercompany loans	7,738	1,554

The auditor's remuneration was £6,300 (2018: £6,100) 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

Tax is recognised in the income statement and 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.

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19% (2018: 19%). The tax for the year differs from the standard tax rate for the reasons set out in the following reconciliation:

	2019 £'000	2018 £'000
Profit before tax	1,221	6,741
Tax charge at the standard rate	(232)	(1,281)
Factors affecting the current tax for the year:		
Expenses not deductible for tax purposes	(1,522)	(357)
Non-taxable income	1,754	1638
<b>Taxation for the year</b>	-	-

From 1 April 2017, the headline rate of corporation tax was reduced from 20% to 19%, and will be further reduced to 17% from 1 April 2020, with these rates substantively enacted at the current balance sheet date.

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 2019 (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 2019 (2018: £nil). The historical cost of the investment in subsidiaries was £nil at 31 March 2019 (2018: £nil).

The Company's subsidiary undertakings at 31 March 2018, 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 2019 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 provision for impairment.

Impairment provisions for receivables are recognised based on a forward looking expected credit loss model. The company recognises a lifetime expected credit loss when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the loan receivable has not increased significantly since initial recognition, the Company measures a loss allowance for that loan receivable at an amount equal to 12-month expected credit losses.

	2019 £'000	2018 £'000
Amounts owed by group undertakings	9,487	8,981

Amounts due from group undertakings include £104.5 million (2018: £96.7 million) which is unsecured, interest bearing of 8% and is repayable in March 2025 and £20.7 million (2018: £20.2 million) which is unsecured, interest bearing of 7.84% and is repayable in March 2025. Impairment of £7.7 million was recorded as at 31 March 2019 (2018: £1.6 million) with accumulative impairments as at 31 March 2019 being £104.5 million and £11.3 million were recognised respectively (2018: £96.7 million and £11.3 million).

# ANNINGTON DEVELOPMENTS (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2019 (continued)

### 8. BORROWINGS

#### ACCOUNTING POLICY

Loans and borrowings are initially recognised at fair value less the transaction costs directly attributable to their issue. 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.

	2019 £'000	2018 £'000
<b>Amounts falling due within one year</b>		
Amounts due to group undertakings	3,888	-
<b>Amounts falling due after one year</b>		
Amounts due to group undertakings	-	4,603

#### Current

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

	2019 £	2018 £
<b>Authorised, issued and fully paid</b>		
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.