

**ANNINGTON DEVELOPMENTS LIMITED**

**Report and Financial Statements**

**31 March 2009**

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# **ANNINGTON DEVELOPMENTS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

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# **ANNINGTON DEVELOPMENTS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2009**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

J B Chambers  
J C Hopkins  
I S Hudson  
N P Vaughan

#### **SECRETARY**

J B Chambers

#### **REGISTERED OFFICE**

1 James Street  
London  
W1U 1DR

#### **SOLICITORS**

Eversheds LLP  
1 Callaghan Square  
Cardiff  
CF10 5BT

#### **BANKERS**

The Royal Bank of Scotland  
London Corporate Service Centre  
PO Box 39952  
21/2 Devonshire Square  
London  
EC2M 4XJ

#### **AUDITORS**

Deloitte LLP  
Chartered Accountants  
London

# **ANNINGTON DEVELOPMENTS LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 2009.

This report has been prepared in accordance with the special provisions relating to small companies under Section 246 (4) of the Companies Act 1985.

## **PRINCIPAL ACTIVITY**

The principal activity of the company is that of property development.

## **DIRECTORS**

The directors who served during the year were:

J B Chambers  
J C Hopkins  
I Hudson  
N P Vaughan

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

## **PERFORMANCE AND DIVIDENDS**

The company's loss for the year is £6,789,000 (2008 - loss £625,000). No dividend has been paid or proposed (2008 - £nil).

## **GOING CONCERN**

After making enquiries, the directors have a reasonable expectation that the company and the group have 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 accounts.

Further details regarding the adoption of the going concern basis can be found in note 1 'Accounting Policies' in the financial accounts.

## **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). The financial statements are required by law to 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 estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

# **ANNINGTON DEVELOPMENTS LIMITED**

## **DIRECTORS' REPORT (continued)**

### **AUDITORS**

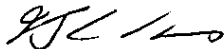
In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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



J B Chambers

Director

10 November 2009

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANNINGTON DEVELOPMENTS LIMITED**

We have audited the financial statements of Annington Developments Limited for the year ended 31 March 2009 which comprise the profit and loss account, the statement of total recognised gains and losses, the note of historical cost profits and losses, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
ANNINGTON DEVELOPMENTS LIMITED (continued)**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte LLP*

**Deloitte LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom

*10 November 2009*

# ANNINGTON DEVELOPMENTS LIMITED

## PROFIT AND LOSS ACCOUNT For the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Administration expenses		(6,088)	(474)
<b>OPERATING LOSS</b>	2	(6,088)	(474)
Loss on sale of fixed assets		(95)	-
<b>LOSS ON ORDINARY ACTIVITIES BEFORE FINANCE CHARGES</b>		(6,183)	(474)
Interest receivable	4	645	468
Interest payable	5	(1,251)	(619)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(6,789)	(625)
Tax on loss on ordinary activities	6	-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	13	(6,789)	(625)

All activities derive from continuing operations.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 March 2009

	2009 £'000	2008 £'000
Loss for the financial year	(6,789)	(625)
(Deficit) surplus on revaluation of investments in joint ventures	(64)	289
(Deficit) surplus on revaluation of tangible fixed assets	(193)	498
<b>Total recognised gains and losses for the financial year</b>	<b>(7,046)</b>	<b>162</b>

## NOTE OF HISTORICAL COST PROFITS AND LOSSES Year ended 31 March 2009

	2009 £'000	2008 £'000
Reported loss before taxation for the financial year	(6,789)	(625)
Realisation of property revaluation gains of previous years	(306)	-
<b>Historical cost loss on ordinary activities before taxation</b>	<b>(7,095)</b>	<b>(625)</b>
<b>Historical cost loss on ordinary activities after taxation</b>	<b>(7,095)</b>	<b>(625)</b>



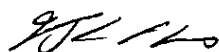
# ANNINGTON DEVELOPMENTS LIMITED

## BALANCE SHEET At 31 March 2009

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Investments	7	11,423	5,499
Tangible assets	8	2,583	3,363
		<u>14,006</u>	<u>8,862</u>
<b>CURRENT ASSETS</b>			
Debtors - due within one year	9	33	64
- due after more than one year	9	2,999	2,999
Cash at bank and in hand		-	-
		<u>3,032</u>	<u>3,063</u>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(6,937)</u>	<u>(395)</u>
<b>NET CURRENT (LIABILITIES) ASSETS</b>		<u>(3,905)</u>	<u>2,668</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,101	11,530
<b>CREDITORS: amounts falling due after more than one year</b>	11	<u>(16,659)</u>	<u>(11,042)</u>
<b>NET (LIABILITIES) ASSETS</b>		<u>(6,558)</u>	<u>488</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	-	-
Revaluation reserve	13	369	932
Profit and loss account	13	<u>(6,927)</u>	<u>(444)</u>
<b>SHAREHOLDERS' (DEFICIT) FUNDS</b>	14	<u>(6,558)</u>	<u>488</u>

The financial statements of Annington Developments Limited, registered number 3818330, were approved by the Board of Directors and authorised for issue on 10 November 2009.

Signed on behalf of the Board of Directors



J B Chambers

Director

# ANNINGTON DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

### 1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have been applied consistently throughout the year and preceding year.

#### Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed asset investments, and in accordance with applicable United Kingdom accounting standards.

#### Going concern

The company is funded by other group undertakings and has no external debt. These funds have been invested in new build opportunities (note 8), which are forecast to show a profit, and three joint ventures (note 7), one of which is almost complete. The current forecast shows that the remaining two investments will return a profit and all shareholder loans will be repaid with interest. There is a blocked bank account (£3 million) relating to the Mill Hill joint venture, which is for any cost and additional capital overruns. This is forecast to be released in February 2013.

After making enquiries and having assessed the responses of the directors of the company's parent, Annington (Holdings) Limited, to their 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 accounts

#### Group accounts

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of another company and for which consolidated accounts are prepared.

#### Cash flow statement

The company is a wholly owned subsidiary of Annington Holdings plc and is included in the consolidated financial statements of Annington Holdings plc which include a consolidated cash flow statement and are publicly available. The company has therefore elected to make use of the exemption provided in Financial Reporting Standard 1 (revised 1996) "Cash Flow Statements" not to produce its own cash flow statement.

#### Taxation

Current 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.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Investment properties

Investment properties are revalued annually. The surpluses or deficits on the properties are transferred to the investment revaluation reserve, except that a deficit which is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties, or in respect of leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19 "Accounting for investment properties". The financial effect of the departure from the statutory accounting rules cannot reasonably be quantified as depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Sales are accounted for on legal completion of contract basis.

# ANNINGTON DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2009

### 1. ACCOUNTING POLICIES (continued)

#### Investments in joint ventures

The company's investments in the shares of the joint ventures are stated at net asset value shown at 31 March 2009. This includes, where applicable, the professional valuation of properties.

Surpluses and deficits arising from changes in net asset value are taken to the revaluation reserve.

### 2. OPERATING LOSS

	2009 £'000	2008 £'000
Operating loss is stated after charging:		
Impairment of fixed asset	141	120

The auditors' remuneration was £11,300 (2008 - £7,000) for the audit of the company's annual accounts, £3,500 (2008 - £3,300) for other services relating to taxation and £1,600 (2008 - £2,000) for other accounting services and was borne by another group company, Annington Management Limited, in the current and preceding year.

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

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

The company had no employees of its own during the year (2008 - nil). The cost of performing work for the company is borne by another group company, Annington Management Limited, in the current and preceding year.

### 4. INTEREST RECEIVABLE

	2009 £'000	2008 £'000
Interest receivable	645	468

### 5. INTEREST PAYABLE

	2009 £'000	2008 £'000
Inter-group loan	1,251	619

Amounts due to group undertakings relate to loans which are unsecured and interest bearing.

### 6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2009 £'000	2008 £'000
Current tax		
United Kingdom corporation tax at 28% (2008 - 30%)	-	-

# ANNINGTON DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

### 6. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 28% (2008 - 30%). The current tax charge for the year and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation:

	2009 £'000	2008 £'000
Loss on ordinary activities before tax	(6,789)	(625)
Tax on loss on ordinary activities at standard rate	(1,900)	(188)
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	1,893	222
Non taxable income	(35)	(90)
Creation of tax losses	42	-
Group relief surrendered	-	56
Total actual amount of current tax	-	-

There is no charge for corporation tax or deferred tax. The amount of tax losses carried forward at 31 March 2009 is £668,862 (2008 - £332,929).

A deferred tax asset has not been recognised in respect of timing differences relating to the tax losses as there is insufficient evidence that the asset will be recovered.

### 7. FIXED ASSET INVESTMENTS

	Investments £'000	Loans £'000	Total £'000
Other investments and loans			
Cost and net book value at 1 April 2008	493	5,006	5,499
Additions	6,700	4,108	10,808
Revaluations	(64)	-	(64)
Impairment	(4,820)	-	(4,820)
Cost and net book value at 31 March 2009	2,309	9,114	11,423
Historical cost at 31 March 2009	6,760	9,114	15,874
Historical cost at 31 March 2008	60	5,006	5,066

The principal undertakings at 31 March 2009, are shown below:

Name of joint venture undertaking	Country of incorporation	Principal activity	Holding %
Annington Wates (Cove) Limited	Great Britain	Property development	50%
Countryside Annington (Colchester) Limited	Great Britain	Property development	50%
Countryside Annington (Mill Hill) Limited	Great Britain	Property development	50%

# ANNINGTON DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2009

### 8. TANGIBLE FIXED ASSETS

	Investment properties £'000	Assets in the course of construction £'000	Total £'000
<b>Cost</b>			
At 1 April 2008	3,363	-	3,363
Addition	216	1,932	2,148
Disposal	(2,594)	-	(2,594)
Revaluation	(193)	-	(193)
Impairment	(141)	-	(141)
	<u>651</u>	<u>1,932</u>	<u>2,583</u>
At 31 March 2009			

Three development sites were transferred from Annington Property Limited on 21 December 2006 at market value £1,210,186. These sites are currently being developed. The sites have been valued by the directors on the basis of market value.

### 9. DEBTORS

	2009 £'000	2008 £'000
<b>Due within one year</b>		
Other debtors	<u>33</u>	<u>64</u>
<b>Due after more than one year</b>		
Other debtors	<u>2,999</u>	<u>2,999</u>

### 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2009 £'000	2008 £'000
Amounts due to group undertakings	6,826	395
Accruals and deferred income	<u>111</u>	<u>-</u>
	<u>6,937</u>	<u>395</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand.

# ANNINGTON DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2009

### 11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2009 £'000	2008 £'000
Amounts due to group undertakings	16,659	11,042

Amounts due to group undertakings are unsecured, interest bearing and have a fixed date of repayment.

### 12. CALLED UP SHARE CAPITAL

	2009 £'000	2008 £'000
<b>Authorised</b>		
100,000 ordinary shares of 1p each	1	1
<b>Called up, allotted and nil paid</b>		
1 ordinary share of 1p	-	-

### 13. STATEMENT OF MOVEMENTS ON RESERVES

	Profit and loss account £	Revalu- ation reserve £	Total £
At 1 April 2008	(444)	932	488
Loss for the financial year	(6,789)	-	(6,789)
Revaluation of investment in joint venture	-	(64)	(64)
Revaluation of tangible fixed assets	-	(193)	(193)
Realisation of prior year revaluations	306	(306)	-
At 31 March 2009	(6,927)	369	(6,558)

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' (DEFICIT) FUNDS

	2009 £'000	2008 £'000
Loss for the financial year	(6,789)	(625)
Movement in revaluation reserve	(257)	787
Net (reduction) increase in shareholders' funds	(7,046)	162
Opening shareholders' funds	488	326
Closing shareholders' (deficit) funds	(6,558)	488

# **ANNINGTON DEVELOPMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 March 2009**

### **15. RELATED PARTY TRANSACTIONS**

In February 2007, a major land development site with 187 existing properties was sold at a market value of £36.7 million to the joint venture, Countryside Annington (Mill Hill) Limited. As part of the Agreement, a deferred payment of £26.2 million is payable by the joint venture in four stages which commenced February 2008 and completes in February 2011. In response to the current adverse economic and trading conditions the joint venture has negotiated a reduction in the original price; a deed of variation was signed which reduced the remaining instalments by £6.7 million by way of a reduction in the outstanding amounts due during the years ended 31 March 2010 (to £3.25 million from £6.5 million) and 31 March 2011 (to £3.05 million from £6.5 million). In consideration for this reduction in "Price" Annington Property Limited became entitled to "priority payments" of a more generous form of overage up to £15 million if the profits of the Joint Venture recover.

Annington Developments Limited held 50% share of this venture. To reflect the related party nature of the above variation, Annington Property Limited anticipates recovery of this amount from Annington Developments Limited. As such, an inter-company loan of £6.7 million due from Annington Developments has been recognised by Annington Property Limited.

Annington Developments Limited is a subsidiary of Annington Developments (Holdings) Limited, which is a wholly owned subsidiary of Annington Holdings plc, an intermediate holding company whose ultimate controlling party is Le Grand Annington Limited.

The company is a subsidiary of Le Grand Annington Limited and has taken advantage of the exemption provided in paragraph 3(c) of Financial Reporting Standard No.8 "Related Party Disclosure", not to make disclosure of transactions with other entities that are part of the group.

### **16. PARENT COMPANY**

Annington Developments (Holdings) Limited, a company incorporated in Great Britain, is the immediate parent company, Annington Holdings plc, a company incorporated in Great Britain, is the intermediary parent company and Le Grand Annington Limited, a company incorporated in Great Britain, is the ultimate parent company and controlling party.

Annington Holdings plc is the smallest parent company of which the company is a member and for which group financial statements are drawn up.

Le Grand Annington Limited is the largest parent company of which the company is a member and for which group financial statements are drawn up. Group accounts for both these companies are available on request from the registered office at 1 James Street, London W1U 1DR.