Company Registration No. 03818330

ANNINGTON DEVELOPMENTS LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2020

ANNINGTON DEVELOPMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

CONTENTS

ANNINGTON DEVELOPMENTS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2020. 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 the year and to the date of this report were:

A P Chadd
J C Hopkins
N P Vaughan

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 (2019: £nil).

PRINCIPAL ACTIVITIES

The Company was established in 1999 with the purpose of providing planning and development support to the wider Annington Limited Group ("the Group"). Where opportunities arise to create added value through infill development or wholesale redevelopment of landholdings, the Company can be called on to act as a 'Planning and Development Consultant' for the benefit of the Group.

The Company also undertakes limited development on its own account and enters into joint venture arrangements with other landowners and developers where the combination of skills will yield higher returns. At present, the Company is involved in three joint venture arrangements:

- Annington Wates (Cove) Limited: A completed residential development in Cove, near Farnborough, where all properties and land have been sold;
- Countryside Annington (Colchester) Limited: A scheme of 256 homes which was completed with the last unit sold in April 2013. This company is continuing the process of members voluntary winding up which commenced 4 May 2016; and
- Countryside Annington (Mill Hill) Limited: Construction work on this scheme of 395 homes in North London started in June 2007 and completed during the 2018 financial year.

FUTURE DEVELOPMENTS AND GOING CONCERN

Future developments and other factors not under the control of the Company, including the effects of Britain exiting the European Union and those of the COVID-19 pandemic, 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.

The Company operates in the real estate sector in the United Kingdom. In certain circumstances, the Company may have reason to look to parent entity or wider Annington Limited group ('The Group') support to continue as a going concern for the foreseeable future. The company has assessed parent entity and wider group's ability to provide this support.

DIRECTORS' REPORT (continued)

Critical to the Group's future as a going concern is the ability to service and repay its debt. For the foreseeable future, at least until the maturity of the Euro denominated tranche of Notes in 2024, the Group only needs to pay the interest on the debt. The debt has a number of covenants to comply with under both the bonds and loan facility. The covenants attaching to the debt are:

Covenant	Test	Limit for Bonds	Limit for Loans
Limitation on Debt	Total debt / Total assets	<65%	<65%
Limitation on Secured Debt	Secured debt / Total assets	<40%	<40%
Interest Cover Ratio	EBITDA / Interest	1.0x (dividend lockup at 1.3x)	1.15x (dividend lockup at 1.3x)
Unencumbered Assets	Unencumbered assets / Unsecured Debt	>125%	>125%

On 26 March 2020, an agreement to amend the terms of the £400 million unsecured term loan was entered into. The maturity of the term loan and the revolving credit facility is now extended to March 2025, from July 2022, whilst the undrawn revolving credit facility is reduced to £100 million. This agreement became effective on 1 April 2020, with the modifications applicable from that date.

The Group's forecasts do not indicate any of these covenants will be breached in the foreseeable future. Further, the Group's forecasts do indicate that sufficient cash flow will be generated to cover payments of interest on its debt and generate significant additional free cash flows to allow for reinvestment or potential dividends to shareholders. Further, were this not possible, cash reserves and the undrawn revolving credit facility provides additional liquidity to the Group to allow the continued operation for the foreseeable future. The Group is satisfied that sufficient actions are available to mitigate any potential adverse impact on covenant compliance in the event of any reasonably foreseeable unfavourable outcome to the ongoing site review process.

The Group meets its day-to-day working capital requirements from both rental income and property sales. In uncertain economic environments, such that there is uncertainty over the level of demand for properties, comfort is gained that the rental income is sufficient to meet debt service requirements without the need for sales. A significant number of units could become void and the Group would still be able to service its debt obligations from the remaining rental income.

The Group receives cash on a quarterly basis in relation to its long-term rental of investment properties. The lengthy timeframes for the rent review and site review processes mean that the effects of market movements are averaged over these cycles and significant movements will take a while to impact the results of the Group. For example, the effect of the Site Review on rent will become effective for the first tranche in December 2021 with one further tranche per year until December 2024. The forecast receipts of rent in the year ahead will be sufficient to meet short-term cash requirements. In making these forecasts and considering the issue of going concern, the Board has taken into account the effects of the UK's exit from the European Union and of COVID-19. Possible downside effects considered included falling house prices, falling rental values, increased arrears from tenants. In all circumstances, cash reserves and rental receipts from the MoD were sufficient to fund the ongoing operations of the group.

After making enquiries, including seeking assurances from the company's parent entity and receiving confirmation that it will provide financial assistance if required, the Directors have a reasonable expectation that the Company has access to 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.

ANNINGTON DEVELOPMENTS LIMITED

DIRECTORS' REPORT (continued)

FINANCIAL RISK MANAGEMENT

The Company has no external debt and is funded by other group companies.

Project finance for developments directly owned by the Company is provided by way of intra-group loans. The interest rate on these loans is fixed and repayable on a fixed date in accordance with loan agreements.

Investment into joint venture arrangements is financed in a similar way, except the repayment of such loans is subordinated to any specific project finance raised directly by the joint venture company.

The table below outlines the principal risks and uncertainties:

Area of Potential Uncertainty	Risk / Opportunity	Strategy
The Company's residential development projects are exposed to the current and future demand for new housing.	As with all new-build developments, the goal is to deliver the right product to market at the right time.	Regular management meetings consider changes to requirements and pricing before committing to further avoidable costs. This has resulted in slowing down development if it appears that completed stock will outstrip demand.

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
21 August 2020

REGISTERED OFFICE
1 James Street
London, United Kingdom
W1U 1DR

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' 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 judgements and accounting estimates that are reasonable and prudent; 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 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 LIMITED

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss 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 statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

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 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, 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 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. 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
21 August 2020

INCOME STATEMENT
For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Income	5	3,884	297
Cost of sales		(3,427)	(292)
Gross profit		457	5
Other operating income	3	-	7,424
Selling expenses		(89)	(19)
Administrative expenses		(636)	(662)
Other operating expenses		(64)	(584)
Share of result of joint ventures after tax	8	277	87
Impairment of inventories	9	(17)	(68)
Operating (loss)/profit	3	(72)	6,183
Finance costs	6	(1,760)	(1,495)
(Loss)/profit before taxation		(1,832)	4,688
Taxation	7	-	-
(Loss)/profit for the financial year		(1,832)	4,688
(Loss)/profit attributable to shareholder		(1,832)	4,688

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
(Loss)/profit for the year		(1,832)	4,688
Items that may subsequently be recycled through the income statement			
Share of other comprehensive loss of joint ventures	8	-	(29)
Total other comprehensive loss		-	(29)
Total comprehensive (loss)/income for the year		(1,832)	4,659
Total comprehensive (loss)/ income attributable to shareholder		(1,832)	4,659

BALANCE SHEET
At 31 March 2020

	Note	2020 £'000	2019 £'000
Non-current assets			
Investment in joint ventures	8	133	22
Current assets			
Inventory	9	10,352	8,576
Cash and cash equivalents	10	1,072	-
Receivables		31	22
		11,455	8,598
Total assets		11,588	8,620
Current liabilities			
Trade and other payables	11	(286)	(640)
		(286)	(640)
Net current assets		11,169	7,958
Non-current liabilities			
Investment in joint ventures	8	-	(166)
Trade and other payables	11	(61)	-
Loans and borrowings	12	(25,997)	(20,738)
		(26,058)	(20,904)
Total liabilities		(26,344)	(21,544)
Net liabilities		(14,756)	(12,924)
Capital and reserves			
Share capital	13	-	-
Retained earnings	14	(14,756)	(12,924)
Total deficit		(14,756)	(12,924)

The accompanying notes (1 to 16) should be read in conjunction with these financial statements.

The financial statements of Annington Developments Limited, registered number 03818330, were approved by the Board of Directors and authorised for issue on 21 August 2020.

Signed on behalf of the Board of Directors

A P Chadd
Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2020

	Note	Share capital £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
At 1 April 2018		-	29	(17,612)	(17,583)
Profit attributable to shareholder		-	-	4,688	4,688
Other comprehensive loss for the year	8	-	(29)	-	(29)
Balance at 31 March 2019		-	-	(12,924)	(12,924)
Loss attributable to shareholder, being total other comprehensive loss for the year		-	-	(1,832)	(1,832)
Balance at 31 March 2020		-	-	(14,756)	(14,756)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020

1. CORPORATE INFORMATION

Annington Developments 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, United Kingdom, W1U 1DR. Information on the Company's ultimate parent is presented in Note 16.

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.

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 balance sheet;
- 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

After making enquiries, the directors have reasonable expectation that the Company 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 the Financial Statements.

Further details regarding the adoption of the going concern basis are to be found in the Directors' Report.

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 2019

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 April 2019, have had a material impact on the company.

Critical accounting judgements and key sources of estimation uncertainty

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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Key sources of estimation uncertainty
The estimation of the recoverable value for the Company's investment in joint ventures, which engage in property and land development, is 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.

Inventory consists of property and land development and is held at the lower of cost and net realisable value. The estimation of the recoverable value of the property and land development, is inherently subjective. This is due to certain assumptions that are required to be made about property market performance in the future as well as cost estimation. 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)/PROFIT

The auditor's remuneration was £19,900 (2019: £15,000) 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 this 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. INCOME

ACCOUNTING POLICY

Income from disposal of properties is derived from contracts with customers which occurs from the legal completion of the sale of a property.

Income is measured at the fair value of consideration received or receivable.

	2020 £'000	2019 £'000
Income		
Income from disposal of properties	3,884	297

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020 (continued)

6. FINANCE COSTS

ACCOUNTING POLICY

Finance costs, including any transaction costs, are charged to the income statement using the effective interest rate method.

	2020 £'000	2019 £'000
Finance costs		
Interest payable on intercompany balances	1,760	1,495

7. 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.

	2020 £'000	2019 £'000
Current tax		
United Kingdom corporation tax at 19% (2019: 19%)	-	-
Total taxation for the year	-	-

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 19% (2019: 19%). The tax for the current and preceding years differ from the standard tax rate for the reasons set out in the following reconciliation:

	2020 £'000	2019 £'000
(Loss)/profit before tax	(1,832)	4,688
Tax credit/(charge) at the standard rate	348	(891)
Factors affecting the current tax for the year:		
Expenses not deductible for tax purposes	(334)	(297)
Non-taxable income	53	17
Group relief	(67)	1,171
Total taxation for the year	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020 (continued)

7. TAXATION (continued)

The rate of Corporation Tax for the UK had previously been set at 17% and this had been enacted at the time of preparing the March 2019 financial statements, accordingly the deferred tax at 31 March 2019 had been calculated at this rate. However, in the March 2020 Budget it was announced that the reduction will not occur and the Corporation Tax Rate will be held at 19%. In March 2020, this was enacted, with calculations of both current and deferred tax balances using the 19% rate for 31 March 2020.

No deferred tax liabilities are recognised on temporary differences associated with the interest in the joint venture for the current and preceding year in accordance with the accounting policy.

Deferred tax balances at 31 March 2020 are measured at 19% (2019: 17%). No deferred tax liabilities are recognised on temporary differences associated with the interest in the joint venture for the current and preceding year in accordance with the accounting policy.

8. INVESTMENT IN JOINT VENTURES

ACCOUNTING POLICY

The results, assets and liabilities of joint ventures are accounted for using the equity method. Investments in joint ventures are carried in the balance sheet at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the joint venture, less any impairment. Losses in a joint venture in excess of the Company's interest in that entity are recognised only to the extent that the Company has incurred legal or constructive obligations on behalf of the joint venture.

Previously recognised impairment losses on the investment in joint ventures had been reversed during the prior year due to the cash flows being received during the year and updated forecasts which indicate that the carrying value is recoverable.

	Investments £'000	Loans £'000	Total £'000
At 1 April 2018	(1,130)	4,925	3,795
Repayment	-	(3,925)	(3,925)
Share of result for the year	87	-	87
Share of other comprehensive loss for the year	(29)	-	(29)
Distributions	(72)	-	(72)
At 31 March 2019	(1,144)	1,000	(144)
Share of result for the year	277	-	277
At 31 March 2020	(867)	1,000	133

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020 (continued)

8. INVESTMENT IN JOINT VENTURES (continued)

The principal undertakings at 31 March 2020, are shown below:

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

Countryside Annington (Colchester) Limited is currently in liquidation.

These joint venture undertakings have share capital consisting solely of ordinary shares which are held by the Company. The below table summarises the assets, liabilities, income and expenses of the above joint venture undertakings. Non-material joint ventures have been aggregated.

2020	Countryside Annington (Mill Hill) Limited £'000	Other joint ventures £'000	Total £'000
Current assets	479	24	503
Current liabilities	(1,369)	(1)	(1,370)
Net (liabilities)/assets	(890)	23	(867)
Revenue	345	-	345
Expenses	(30)	-	(30)
Income tax	(38)	-	(38)
Share of result of joint ventures after tax	277	-	277

2019	Countryside Annington (Mill Hill) Limited £'000	Other joint ventures £'000	Total £'000
Current assets	531	25	556
Current liabilities	(1,697)	(3)	(1,700)
Net (liabilities)/assets	(1,166)	22	(1,144)
Revenue	3,370	-	3,370
Expenses	(3,298)	29	(3,269)
Income tax	(14)	-	(14)
Share of result of joint ventures after tax	58	29	87

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020 (continued)

9. INVENTORY

ACCOUNTING POLICY

Inventory consists of land and buildings held for development and are valued at the lower of cost and net realisable value. Cost represents the acquisition price including legal and other professional costs associated with the acquisition together with subsequent development costs net of amounts transferred to costs of sale. Net realisable value is the expected sale proceeds that the Company expects on sale of a property or current market value net of associated selling costs.

	2020 £'000	2019 £'000
Work in progress	10,352	8,576

The cost of inventories recognised as an expense and included in cost of sales amounted to £3,427,029 (2019: £286,048).

Inventory has been written down to its net realisable value during the year by £17,142 (2019: £67,535).

10. CASH AND CASH EQUIVALENTS

ACCOUNTING POLICY

Cash and cash equivalents comprise cash at bank. Cash and cash equivalents are limited to instruments with a maturity of less than three months.

	2020 £'000	2019 £'000
Cash on hand and at bank	1,072	-

11. TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	2020 £'000	2019 £'000
Amounts falling due within one year		
Trade payables	127	468
Retentions held	61	17
Accruals	98	155
	286	640
Amounts falling due after more than one year		
Retentions held	61	-
	347	640

The carrying value of trade and other payables approximates the fair value.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2020 (continued)

12. LOANS AND 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.

	2020 £'000	2019 £'000
Amounts falling due after one year		
Amounts due to group undertakings	25,997	20,738

Amounts due to group undertakings are unsecured, interest bearing at 7.84% and have a fixed date of repayment of 31 March 2025.

13. SHARE CAPITAL

	2020 £	2019 £
Called up, allotted and nil paid		
1 ordinary share of 1p	0.01	0.01

14. RETAINED EARNINGS

Retained earnings include all current and prior year retained profits and losses. The components of this are:

	2020 £000	2019 £000
Distributable earnings	(12,608)	(10,776)
Non-distributable earnings	(2,148)	(2,148)
	(14,756)	(12,924)

15. 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 by paragraph 8(k) of FRS 101 not to make disclosure of transactions with other wholly-owned entities that are part of the same group.

16. CONTROLLING PARTY

Annington Developments (Holdings) 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, United Kingdom, W1U 1DR.