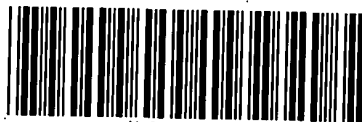


HORIZON LAND LIMITED

Report and Financial Statements

For the year ended 31 December 2016

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HORIZON LAND LIMITED

REPORT AND FINANCIAL STATEMENTS 2016

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HORIZON LAND LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Company for the year ended 31 December 2016.

Principal Activity

The Company acts as a property investment company.

Business Review

There was a profit for the year after tax of £604,527 (2015: £632,654). The directors do not recommend payment of a dividend (2015: nil).

Land & Buildings

A valuation of the land and buildings took place on 31st December 2016 by Strutt and Parker LLP which shows that the market value of the property was in excess of the book value.

Directors

The directors who held office during the period of review were:

- I D West
- P H C Bols
- C N Evans

According to the register kept by the Company in accordance with Section 182 of the Companies Act 2006 the directors had no interests in the shares of the Company or of any other group company.

Policy and practice on payment of creditors

The Company's payment policy is to negotiate terms with its suppliers and to ensure that they know the terms on which payment will take place when business is agreed. It is the company's policy to abide by these terms.

Employees

The Company has no employees (2015: nil).

Political and charitable contributions

The Company made no political or charitable contributions during the year (2015: nil).

Going concern

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

HORIZON LAND LIMITED

DIRECTORS' REPORT (continued)

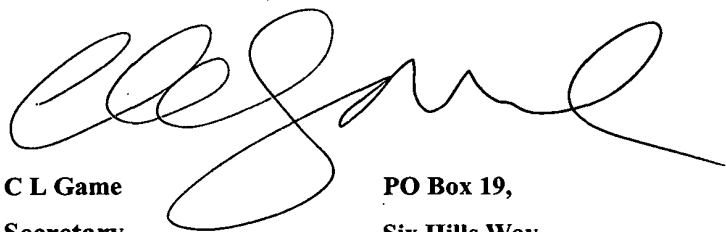
Auditor

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

In the case of each of the persons who were directors of the Company at the date of approval of this Directors' report they confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is individually unaware; and each 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.

The Company is incorporated in the UK with registered company number 4133994 and its registered office is as shown below.

By Order of the Board



C L Game
Secretary

PO Box 19,
Six Hills Way,
Stevenage,
Hertfordshire,

Date: 23/11/17

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU and applicable law.

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 estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HORIZON LAND LIMITED

We have audited the financial statements of Horizon Land Limited for the year ended 31 December 2016 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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

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

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 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



Stephen Cooper (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

23/11/17

HORIZON LAND LIMITED

Income Statement

For the year ended 31 December

	Note	2016 £	2015 £
Rental Income		1,290,242	1,290,242
Depreciation & Amortisation	6	(156,569)	(156,571)
Other operating expenses		(55,000)	(55,000)
Operating profit	3	<u>1,078,673</u>	<u>1,078,671</u>
Finance Expense	4	(283,896)	(251,608)
Profit before taxation		<u>794,777</u>	<u>827,063</u>
Taxation	5	(190,249)	(194,410)
Profit after taxation		<u><u>604,528</u></u>	<u><u>632,653</u></u>

All the Company's activities are in respect of continuing operations.

The Company has no recognised income and expense other than the profit above and therefore no separate statement of other comprehensive income has been presented.

There is no difference between the results as stated and that calculated on an unmodified historical cost basis.

The notes on pages 11 to 17 form part of these financial statements.

HORIZON LAND LIMITED

Balance sheet As at 31 December

	Note	2016 £	2015 £ Restated
Assets			
Investment Property	6	13,421,450	13,578,019
Investments	7	30	30
Total non-current assets		<u>13,421,480</u>	<u>13,578,049</u>
Trade and other receivables	8	100,939	98,915
Cash and cash equivalents		501,430	337,668
Total current assets		<u>602,369</u>	<u>436,583</u>
Total assets		<u>14,023,849</u>	<u>14,014,632</u>
Liabilities			
Trade and other payables	9	(966,342)	(661,652)
Total current liabilities		<u>(966,342)</u>	<u>(661,652)</u>
Long term borrowings	11	(10,488,010)	(11,388,010)
Total non-current liabilities		<u>(10,488,010)</u>	<u>(11,388,010)</u>
Total liabilities		<u>(11,454,352)</u>	<u>(12,049,662)</u>
Net assets		<u>2,569,497</u>	<u>1,964,970</u>
Called up share capital	10	1,253,151	1,253,151
Retained Earnings		1,316,346	711,819
Total Equity		<u>2,569,497</u>	<u>1,964,970</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the Board of Directors and were signed on its behalf by

ID West

Director

Date

ID West
23/11/17

The notes on pages 11 to 17 form part of these financial statements

HORIZON LAND LIMITED

Statement of Changes in Equity

	Retained Earnings	Share Capital	Total Equity
	£	£	£
Balance at 1 January 2015	79,165	1,253,151	1,332,316
Profit for the period	632,653	-	632,653
Balance at 31 December 2015	<u>711,818</u>	<u>1,253,151</u>	<u>1,964,969</u>
Balance at 1 January 2016	711,818	1,253,151	1,964,969
Profit for the period	604,528	-	604,528
Balance at 31 December 2016	<u>1,316,346</u>	<u>1,253,151</u>	<u>2,569,497</u>

The notes on pages 11 to 17 form part of these financial statements

HORIZON LAND LIMITED

Cash flow statement

For the year ended 31 December

	2016 £	2015 £
Cash flows from operating activities		
Profit for the year	604,528	632,653
Tax	190,249	194,410
Adjustments for:		
Interest Paid	283,896	251,608
Depreciation	156,569	156,571
Change in payables/receivables	112,417	(1,038,354)
Cash generated from operations	1,347,659	196,888
Net cash from operating activities	1,347,659	196,888
Cash flows from investing activities		
Interest paid	(283,896)	(251,608)
Net cash from investing activities	(283,896)	(251,608)
Cash flows from financing activities		
Repayment of borrowings	(900,000)	-
Net cash from financing activities	(900,000)	-
Net increase/(decrease) in cash and cash equivalents	163,763	(54,720)
Cash and cash equivalents at 1 January	337,668	392,388
Cash and cash equivalents at 31 December	501,430	337,668

HORIZON LAND LIMITED

Notes

1. Accounting Policies

Horizon Land Limited ("the Company") is a company incorporated in the UK.

New standards, amendments and interpretations

- IFRS 15 – Revenue from Contracts with customers (mandatory for periods starting 1 January 2018)
- IFRS 9 – Financial instruments (mandatory for periods beginning on or after 1 January 2018)
- IFRS 16 – Leases (mandatory for periods beginning on or after 1 January 2019)

None of these have been adopted early in preparing these financial statements. The company is assessing the potential impact on its financial statements resulting from implementation of these standards.

Basis of preparation

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU, and under the historical cost accounting rules with the exception of financial instruments which are held at fair value.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits

Trade receivables

Trade and other receivables are stated at their nominal amount.

Investment Property

Cost

Land and buildings that are leased to non-Group entities are classified as investment property.

Buildings are valued at cost less accumulated depreciation and impairment losses.

Land is valued at cost less impairment losses.

HORIZON LAND LIMITED

Buildings

Buildings are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis and is charged to the income statement over the estimated useful economic life as follows:

Freehold land	-	Not depreciated
Buildings	-	up to 50 years

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. Directors and employees

The number of persons employed by the Company during the year was nil (2015: nil). The directors are full time executives of other group companies. They do not receive any remuneration for their services as directors of the Company.

The Company considers that there is no practicable method to accurately allocate a portion of the emoluments the Directors receive from their respective Group company employer to the qualifying services they provide to the Company. The Company is also of the opinion any allocation would be immaterial.

3. Operating profit

	2016 £	2015 £
Operating profit is stated after charging		
Auditor's Remuneration	5,000	5,000
Services and Bank Charges	50,000	50,000

HORIZON LAND LIMITED

4. Finance income/(expense)

	2016 £	2015 £
Interest Paid	(283,896)	(251,608)
	<u>(283,896)</u>	<u>(251,608)</u>

5. Taxation recognised in the income statement

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

	2016 £	2015 £
Current Tax		
Current tax charge for the period	190,249	194,410
	<u>190,249</u>	<u>194,410</u>

	2016 £	2015 £
Reconciliation of tax expense		
Profit before tax	794,776	827,064
	<u>794,776</u>	<u>827,064</u>

Tax charge on profit at UK rate of 20.00% (2015: 20.25%)	158,955	167,480
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Effects of:

Fixed assets ineligible depreciation	31,314	31,705
Under provision in respect of prior years	(20)	(4,775)
	<u>190,249</u>	<u>194,410</u>

HORIZON LAND LIMITED

6. Investment Property

	Investment Land £	Investment Property £	Total £
Cost			
Balance at 1 January 2015	10,642,329	3,131,403	13,773,732
Balance at 31 December 2015	10,642,329	3,131,403	13,773,732
Balance at 1 January 2016	10,642,329	3,131,403	13,773,732
Balance at 31 December 2016	10,642,329	3,131,403	13,773,732
Accumulated depreciation and impairment losses			
Balance at 1 January 2015	-	39,142	39,142
Depreciation charge for the year	-	156,571	156,571
Balance at 31 December 2015	-	195,713	195,713
Balance at 1 January 2016	-	195,713	195,713
Depreciation charge for the year	-	156,569	156,569
Balance at 31 December 2016	-	352,282	352,282
Carrying Amounts			
Balance at 1 January 2015	10,642,329	3,092,261	13,734,590
Balance at 31 December 2015	10,642,329	2,935,690	13,578,019
Balance at 1 January 2016	10,642,329	2,935,690	13,578,019
Balance at 31 December 2016	10,642,329	2,779,121	13,421,450

The fair value of the investment property is £16m and is based on and reflects current market value as prepared by external valuation professionals.

HORIZON LAND LIMITED

7. Investments

	2016 £	2015 £
Net Book Value		
At 1 January	30	30
At 31 December	<u>30</u>	<u>30</u>

Company Name	% Shareholding	Company Activity	Country of Incorporation	Address
Horizon Technology Park Management Ltd.	3	Land Management	UK	PO Box 19 Six Hills Way Stevenage Hertfordshire SG1 2DA

The above investment is accounted for at cost. All shareholdings are in ordinary shares unless otherwise stated.

8. Trade and other receivables

	2016 £	2015 £ Restated
Amounts owed by parent company	1	1
Corporation Tax receivable	<u>100,938</u>	<u>98,914</u>
	<u>100,939</u>	<u>98,915</u>

The restatement relates to the reclassification of £98,914 from Payables to Receivables.

9. Trade and other payables

	2016 £	2015 £ Restated
Amounts owed to parent company	374,913	162,496
Prepaid rent income	301,057	301,057
Amounts owed to group undertakings	<u>290,372</u>	<u>198,099</u>
	<u>966,342</u>	<u>661,652</u>

The reinstatement relates to the reclassification of £98,914 from Payables to Receivables.

HORIZON LAND LIMITED

10. Called up share capital

	2016 £	2015 £
Authorised:		
1,254,150 Ordinary Shares of £1 each	1,254,150	1,254,150
Issued:		
1,253,151 Ordinary Shares of £1 each	1,253,151	1,253,151

11. Loans and Borrowings

	2016 £	2015 £
Loan from parent company	10,488,010	11,388,010
	10,488,010	11,388,010

The loan was advanced to Horizon Land Limited for the purchase of land and buildings. The initial loan was for £12.2m and commenced in October 2014 and is due to be fully repaid on the 6th April 2026. The interest is calculated in advance on a quarterly basis at ICE LIBOR plus 200 base points. The amount of £900,000 is due to be paid by October 2017.

12. Leases as lessor

The Company leases out its investment property to Roxel (UK Rocket Motors) Limited.

At 31 December, the future minimum lease payments under non-cancellable leases are receivable as follows.

	2016 £	2015 £
Less than one year	1,290,242	1,290,242
Between one and five years	1,290,242	2,580,484
More than five years	-	-
	2,580,484	3,870,726

The total rent received for 2016 was £1,290,242 (2015: £1,290,242) which is equivalent to a year's worth of rental income.

HORIZON LAND LIMITED

13. Related party transactions

The Company has an outstanding balance with its parent company of £10,733,899 (2015: £11,463,494) and is owed £1 (2015: £1) by the parent company. All transactions are on an arm's length basis.

At 31st December 2016 £96,603 was owed to MBDA International Limited (2015:£4,330), as consideration for receiving the trading losses of MBDA International Limited as part of MBDA's group tax relief arrangement.

During 2016, the Company received rental income payments of £1,290,242 from Roxel (UK Rocket Motors) Ltd. £989,185 of this amount relates to 2016 and £301,057 relates to prepayments for 84 days in 2017.

14. Subsequent Events

There have been no events occurring after 31 December 2016 which require adjustment to or disclosure in these financial statements.

15. Parent undertaking and ultimate parent company

The largest and smallest groups in which the results of the Company are consolidated is that headed by MBDA SAS 1, avenue Reaumur - 92350 Le Plessis Robinson, Paris, France (incorporated in France). The statutory accounts are available at this address.

MBDA SAS is owned by BAE Systems PLC (incorporated in England, 37.5% holding), Airbus Group (incorporated in The Netherlands, 37.5% holding), and Leonardo SpA (incorporated in Italy, 25% holding).