

Company Registration No. 4224365

ASHBURTON TRADING LIMITED

Annual Report and Financial Statements

31 May 2015

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ASHBURTON TRADING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

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ASHBURTON TRADING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2015

OFFICERS AND PROFESSIONAL ADVISERS

Directors

K J Friar
I E Gazidis
D Miles

Company Secretary

S W Wisely

Registered Office

Highbury House
75 Drayton Park
London
N5 1BU

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom

ASHBURTON TRADING LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 2015.

Going concern

The directors have considered the company's financial position, resources and revenue streams and they believe the company, which is a member of the Arsenal Holdings plc group, is well placed to manage its business risks successfully.

Accordingly, the directors have a reasonable expectation the company has adequate resources to continue in operational existence for the foreseeable future and the financial statements continue to be prepared on the going concern basis.

Results

The audited financial statements for the year ended 31 May 2015 are set out on pages 6 to 13. The profit for the year was £12.7 million (2014 – loss of £1.2 million).

The directors did not pay or declare a dividend for the year (2014 - £Nil).

Directors

The directors, who served throughout the year, were as follows:

K J Friar
I E Gazidis
D Miles

Directors' responsibilities statement

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). 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.

ASHBURTON TRADING LIMITED

DIRECTORS' REPORT (continued)

Disclosure of information to auditor

In the case of each of the persons who is a director of the company at the date when this report was approved:

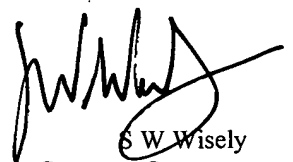
- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information (as defined) 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.

Auditor

A resolution to re-appoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

By order of the Board



S W Wisely
Company Secretary
20 November 2015

ASHBURTON TRADING LIMITED

STRATEGIC REPORT

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

Principal activities

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

Business review

One of the Group's prior land sales included provision for the receipt of a sales overage (effectively a profit share) in the event that the purchasing developer's final total revenues, from sale of completed residential units, exceeded a pre-agreed target level. That residential development has now reached a sufficient stage of completion that an overage payment has been calculated and agreed as due. Accordingly, the applicable overage income and certain limited direct costs have been recognised in the 2014/15 results of the Company.

In addition, the company incurred a number of post completion expenses, in excess of amounts which had previously been allowed for as costs to complete, in relation to sites that it had sold in prior years.

The company incurred professional fees and developer's expenses during the year in relation to the design, related planning applications and assembly of certain development sites for onward sale.

Unlocking the future sale value of the two remaining major property sites, on Hornsey Road and Holloway Road, is tied to the resolution of the underlying planning consents which are proving to be complex and long running. The directors remain confident that viable schemes will be agreed and implemented in due course.

The Company has retained two commercial units on Queensland Road as rental assets.

The directors expect the general level of activity to continue.

There are a number of potential risks and uncertainties which could have a material impact on the company's long term performance and these risks and uncertainties are monitored by the Board on a regular basis. In particular, the level of income achieved from the sale of the company's remaining development sites will depend on prices for development land at the time of sale and the final development scheme determined for each site. Expenditure incurred by the company in progressing the sale of its development sites is currently being funded from the company's own financial resources; the company can also draw on loans from other members of the Arsenal Holdings plc group if required.

Key performance indicators

The directors evaluate the company's performance and financial strength using "Profit before tax" and "Net assets" as key performance indicators. As shown on page 6 of the company's financial statements the company recorded a profit before tax of £12.8 million (2014 – loss of £1.2 million) and, as shown on page 7 of the company's financial statements it had net assets of £28.7 million (2014 - £16.0 million) at the balance sheet date.

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



K J Friar
Director

20 November 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASHBURTON TRADING LIMITED

We have audited the financial statements of Ashburton Trading Limited for the year ended 31 May 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.

M. R. Lee-Amies

Mark Lee-Amies (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London

20 November 2015

ASHBURTON TRADING LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 May 2015

	Note	2015 £000's	2014 £000's
Turnover	2	14,840	50
Cost of sales		(1,868)	(1,209)
Operating costs		(218)	(42)
Operating profit/(loss)	3	12,754	(1,201)
Net finance income	5	29	17
Profit/(loss) on ordinary activities before taxation		12,783	(1,184)
Taxation	6	(36)	-
Profit/(loss) on ordinary activities after taxation	16	12,747	(1,184)

All activities are classed as continuing.

There were no recognised gains or losses in the current or preceding year other than those recorded in the profit and loss account and therefore no statement of total recognised gains and losses is presented.

ASHBURTON TRADING LIMITED

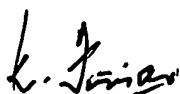
BALANCE SHEET

As at 31 May 2015

	Note	2015 £000's	2014 £000's
Fixed assets			
Investments	7	-	-
Tangible fixed assets	8	5,749	-
		<u>5,749</u>	<u>-</u>
Current assets			
Stocks - development properties	9	6,968	9,696
Debtors - due within one year	10	14,700	647
Debtors - due after one year	10	19,156	18,883
Cash and short term deposits	11	6,170	9,869
		<u>46,994</u>	<u>39,095</u>
Creditors: amounts falling due within one year	12	<u>(2,746)</u>	<u>(1,193)</u>
Net current assets		44,248	37,902
Total assets less current liabilities		49,997	37,902
Creditors: amounts falling due after more than one year	13	(21,223)	(21,911)
Provisions for liabilities and charges	14	<u>(36)</u>	<u>-</u>
Net assets		<u>28,738</u>	<u>15,991</u>
Capital and reserves			
Called up share capital	15	-	-
Profit and loss account	16	28,738	15,991
Shareholders' funds	17	<u>28,738</u>	<u>15,991</u>

These financial statements of Ashburton Trading Limited (registered number 4224365) were approved and authorised for issue by the Board of Directors on 20 November 2015.

Signed on behalf of the Board of Directors



K J Friar
Director

ASHBURTON TRADING LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 May 2015

1. Accounting policies

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

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Generally Accepted Accounting Practice and, as described in the Directors Report, on the going concern basis.

The company has not produced consolidated financial statements as it qualifies for exemption, under s400 of the Companies Act 2006, as a wholly owned subsidiary of a UK parent company, Arsenal Holdings plc, which publishes consolidated financial statements.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report and the Strategic Report. The Directors' Report and the Strategic Report also describe the financial position of the Company and its liquidity position.

The Company meets its day to day working capital requirements from its cash resources and it does not currently have a bank facility. The current economic conditions create uncertainty particularly over the market for the Company's development sites to be sold in future. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current financial resources.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated to reduce the carrying value of buildings, plant and equipment to the anticipated residual value of the assets concerned in equal annual instalments over their estimated useful lives as follows:

Freehold properties	2% per annum
Leasehold properties	Over the period of the lease
Plant and equipment	5% to 25% per annum

Stocks - development properties

Development property stocks comprise freehold land and are stated at the lower of cost, inclusive of the direct costs of acquisition and other directly attributable property development costs including interest, and net realisable value.

Purchases of freehold land are recognised on exchange of unconditional purchase contracts or on completion.

Taxation

Current tax, including UK corporation 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

ASHBURTON TRADING LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 May 2015

1. Accounting policies (continued)

Taxation (continued)

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A deferred tax asset is recognised only when, on the basis of available evidence, it can be regarded as more likely than not that the reversal of underlying timing differences will result in a reduction in future tax payments.

Cash flow statement

As a wholly owned subsidiary of a parent company which publishes a consolidated cash flow statement, the company is exempt from the requirement to present a cash flow statement as per FRS 1 (revised 1996).

Turnover and income recognition

Turnover represents income from the sale of development properties completed in the year (including sales overage) and rental income, exclusive of VAT. The company has one class of business which is its principal activity of property development within the United Kingdom.

Income from the sale of development properties is recognised on completion of the relevant sale contract. Where elements of the sale price are subject to retentions by the purchaser the retained element of the sale price is not recognised until such time as all of the conditions relating to the retention have been satisfied.

Finance costs

Finance costs of debt, in the form of bank loans, (including the costs directly attributable to obtaining the loan finance) are recognised in the profit and loss account over the term of the debt at a constant rate on the carrying amount.

Up to the date of sale, finance costs directly attributable to the funding of property development projects are included within stocks.

2. Turnover

Turnover, all of which originates in the UK, comprises the following:

	2015 £000's	2014 £000's
Development property sales (including sales overage)	14,500	-
Rental income	340	50
	<u>14,840</u>	<u>50</u>

3. Operating loss

This is stated after charging:

	2015 £000's	2014 £000's
Depreciation of tangible fixed assets	82	-
Auditor's remuneration - audit of the company's financial statements	9	13
- tax services	4	7
	<u>95</u>	<u>20</u>

ASHBURTON TRADING LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 May 2015

4. Directors' remuneration and staff costs

The directors did not receive any remuneration for their services in the year (2014: £Nil). The company employed no staff throughout the year (2014: Nil).

5. Net finance income

	2015 £000's	2014 £000's
Bank interest receivable	29	17

6. Tax on profit/(loss) on ordinary activities

	2015 £000's	2014 £000's
Total current taxation	-	-
Deferred taxation (see note 14)		
Origination and reversal of timing difficulties	36	-
Total tax charge on profit/(loss) on ordinary activities	36	-

From 1 April 2015 the rate of UK corporation tax was reduced from 21% to 20%. The Company's deferred tax liabilities have been valued based on the 20% rate.

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit/(loss) before tax is as follows:

	2015 £000's	2014 £000's
Profit/(loss) on ordinary activities before tax	12,783	(1,184)
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 20.83% (2014 – 22.67%)	2,663	(268)
Effects of:		
Group relief and intra-group adjustments	(2,635)	268
Expenses not deductible	10	-
Capital allowances in excess of depreciation	(38)	-
Current taxation for the year	-	-

Tax losses are surrendered to or claimed from other group companies for nil consideration and for consortium companies at rates up to the full rate of UK corporation tax, currently 20.83%.

ASHBURTON TRADING LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 May 2015

7. Investments

	2015 £	2014 £
Investments in subsidiary - cost and net book value:-		
At start and end of year	<u>1</u>	<u>1</u>

The company has the following subsidiary company:-

	Country of incorporation	Proportion of ordinary shares owned	Principal activity
Drayton Park Trading Limited	United Kingdom	100%	Dormant

8. Tangible fixed assets

	Freehold property £000's	Leasehold property £000's	Plant and equipment £000's	Total £000's
Cost				
Transfers from stock	<u>2,595</u>	<u>450</u>	<u>2,786</u>	<u>5,831</u>
At 31 May 2015	<u>2,595</u>	<u>450</u>	<u>2,786</u>	<u>5,831</u>
Depreciation				
Charge for the year	<u>13</u>	<u>9</u>	<u>60</u>	<u>82</u>
At 31 May 2015	<u>13</u>	<u>9</u>	<u>60</u>	<u>82</u>
Net book value				
At 31 May 2015	<u>2,582</u>	<u>441</u>	<u>2,726</u>	<u>5,749</u>

The Company's tangible fixed assets were transferred from development property stocks at their historic cost following the decision to retain the properties concerned as rental assets for the long term.

At 31 May 2015 the Company had contracted capital commitments of £0.1 million.

9. Stocks - development properties

	2015 £000's	2014 £000's
Freehold land and attributable development costs - held for re-sale	<u>6,968</u>	<u>9,696</u>

Included in stock for the prior year was £2.8 million related to the construction of an indoor community and sports facility on Queensland Road which the company was fitting out. This asset has now been completed and transferred, at cost, to tangible fixed assets

ASHBURTON TRADING LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 May 2015

10. Debtors

	2015 £000's	2014 £000's
Amounts recoverable within one year:-		
Trade debtors	44	71
Other debtors	153	576
Accrued income	14,503	-
	<u>14,700</u>	<u>647</u>
Total recoverable within one year		
Amounts recoverable after more than one year:-		
Other debtors	1,052	1,052
Amounts due from group undertakings	18,104	17,831
	<u>19,156</u>	<u>18,883</u>
Total recoverable after more than one year		

11. Cash and short term deposits

Included in cash and short term deposits is a balance of £0.2 million (2014: £0.3 million) which is held in connection with the site works at Queensland Road. The use of this deposit is restricted to that purpose and Newlon Housing Trust is a joint signatory.

12. Creditors: amounts falling due within one year

	2015 £000's	2014 £000's
Trade creditors	193	166
Other creditors	21	-
Accruals and deferred income	2,532	1,027
	<u>2,746</u>	<u>1,193</u>

13. Creditors: amounts falling due after more than one year

	2015 £000's	2014 £000's
Amounts due to group undertakings	21,223	21,911

14. Provisions for liabilities and charges

	2015 £000's	2014 £000's
Deferred tax – accelerated capital allowances	36	-

ASHBURTON TRADING LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 May 2015

15. Called-up share capital

	2015 £	2014 £
Allotted, called-up and fully paid:		
1 ordinary share of £1	1	1

16. Profit and loss account

	£000's
Balance at 1 June 2014	15,991
Profit for the year	12,747
Balance at 31 May 2015	28,738

17. Reconciliation of shareholders' funds

	2015 £000's	2014 £000's
Opening shareholders' funds	15,991	17,175
Profit/(loss) for the year	12,747	(1,184)
Closing shareholders' funds	28,738	15,991

18. Related party transactions

As a wholly owned subsidiary of Arsenal Holdings plc, a company which publishes consolidated accounts, the company is exempt from disclosing details of transactions with members of the Arsenal Holdings group, under Financial Reporting Standard 8 – Related Party Transactions.

19. Ultimate parent company

The largest and smallest group in which the company's results are included is the consolidated accounts of the ultimate and immediate parent company and controlling party, Arsenal Holdings plc., a company incorporated in the United Kingdom. These consolidated accounts are available to the public and may be obtained from Arsenal Holdings Plc, Highbury House, 75 Drayton Park, London N5 1BU.

The ultimate parent undertaking and controlling party is KSE UK Inc., which owns 66.8% of the share capital of Arsenal Holdings plc. KSE UK Inc. is incorporated in the State of Delaware, USA, and is wholly-owned and controlled by Mr E S Kroenke.