Company Registration No. 06023552 (England and Wales)

COUNTRYSIDE ANNINGTON (MILL HILL) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

COUNTRYSIDE ANNINGTON (MILL HILL) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their Strategic Report for Countryside Annington (Mill Hill) Limited (the 'Company') for the year ended 31 March 2019. The Company is a joint venture owned by Countryside Properties (Joint Ventures) Limited and Annington Developments Limited.

Business activities
The principal activity of the Company is that of residential property development, maintenance of the properties sold and the provision of new neighbourhood facilities at Mill Hill, London.

Trading performance and financial position
As disclosed in the prior year financial statements, at 31 March 2018 Mill Hill was build complete and had only seven remaining plots for sale. These plots have been sold during the current year resulting in revenue of £6.74m (2018: £30.68m) and an operating profit of £0.22m (2018: loss of £0.34m).

Total shareholders' deficit as at 31 March 2019 was £2.33m (2018: £2.39m).

Principal risks and uncertainties
Due to Mill Hill being build complete for more than 12 months, and the remaining plots being sold during the year, there are no significant risks or uncertainties for the Company.

Financial risk management
The key financial risks affecting the Company are as follows:

Liquidity risk
The Company finances its operations through a mixture of equity (share capital, reserves and retained earnings) and debt (loans from shareholders and other creditors). The Company manages its liquidity risk by monitoring its funding headroom against requirements based on short term and long term cash flow forecasts.

Credit risk
The Company's exposure to credit risk is limited for housebuilding activities by the fact that the Company typically receives cash in stage payments throughout the project.

Key performance indicators (KPIs)
The Directors consider the Company's KPIs are revenue, profit/loss before interest and tax (defined as operating profit/loss) and net assets/liabilities, which are disclosed in the 'trading performance and financial position' section of this Strategic Report.

Future outlook and prospects
The Company will continue to provide post-sales support to its customers. Once the Company's obligations for maintenance warranties lapse, the Directors expect the Company to become dormant.

Approved by the Board and signed on its behalf by

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T M Warren
Secretary
19 December 2019

COUNTRYSIDE ANNINGTON (MILL HILL) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The Directors present their report and the audited financial statements for the Company for the year ended 31 March 2019. The Company is a joint venture owned by Countryside Properties (Joint Ventures) Limited and Annington Developments Limited.

Directors
The Directors of the Company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

G S Cherry	(Resigned 30 September 2019)
J C Hopkins	
N P Vaughan	
A P Chadd	
D Everett	(Resigned 30 September 2019)
C Brooking	
J P Gimblett	(Appointed 1 October 2019)

Results and dividends
The results for the year are set out on page 7.

The Directors do not recommend the payment of the dividend on the ordinary shares (2018: £Nil).

Qualifying third party indemnity provisions
The Company has made qualifying third party indemnity provisions for the benefit of its Directors during the year in accordance with the Companies Act 2006 which remain in force at the date of approval of the financial statements.

Financial Risk Management
Financial Risk Management is discussed in the Strategic Report on Page 1.

Independent Auditor
The auditor, Deloitte LLP, has indicated its willingness to continue in office and accordingly shall be deemed to be reappointed as auditor for a further term.

Principal risks and uncertainties
The main business risks facing the Company are disclosed within the Strategic Report on page 1.

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), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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.

Statement of disclosure to auditor

Each of the persons who is a Director at the date of approval of this 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/she ought to have taken as a Director in order to make himself/ herself 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.

Going Concern and Future Outlook

The Company will continue to provide post-sales support to its customers to fulfil the two year maintenance period. Once the Company's obligations for warranties lapse, the Directors expect the Company to become dormant.

The Directors have obtained assurances from the shareholders of the Company that financial support will continue to be provided to ensure that the Company can continue to meet its obligations as they fall due for a minimum period of 12 months from the date of these financial statements and they have accordingly been prepared on a going concern basis.

Approved by the Board and signed on its behalf by

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T M Warren
Secretary
18 December 2019

COUNTRYSIDE ANNINGTON (MILL HILL) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNTRYSIDE ANNINGTON (MILL HILL) LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Countryside Annington (Mill Hill) Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of cash flows; 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, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have 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 strategic report or 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.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF COUNTRYSIDE ANNINGTON (MILL HILL) LIMITED

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

18 December 2019

COUNTRYSIDE ANNINGTON (MILL HILL) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2018 £
Revenue	3	6,738,195	30,676,251
Cost of sales		(6,416,659)	(30,924,061)
Gross profit/(loss)		322,536	(247,810)
Administrative expenses		(106,801)	(90,379)
Operating profit/(loss)	4	215,735	(338,189)
Interest receivable and similar income	5	21,935	21,537
Interest payable and similar expenses	6	(95,389)	(66,882)
Profit/(loss) before taxation		142,281	(383,534)
Tax on profit/(loss)	7	(27,033)	55,792
Profit/(loss) for the financial year		115,248	(327,742)
Other comprehensive income			
Fair value loss on available for sale financial assets	8	(58,897)	(3,365)
Total comprehensive income for the year		56,351	(331,107)

The Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

COUNTRYSIDE ANNINGTON (MILL HILL) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Available for sale financial assets	8		-		179,552
Current assets					
Inventories	9	39,726		6,669,245	
Trade and other receivables	10	95,959		157,386	
Cash and cash equivalents		927,283		9,595,317	
		1,062,968		16,421,948	
Creditors: amounts falling due within one year	11				
Trade and other payables		(2,952,719)		(18,256,816)	
Taxation and social security		(443,016)		(402,941)	
		(3,395,735)		(18,659,757)	
Net current liabilities			(2,332,767)		(2,237,809)
Total assets less current liabilities			(2,332,767)		(2,058,257)
Provisions	13		-		(330,861)
Net liabilities			(2,332,767)		(2,389,118)
Equity					
Called up share capital	14		1,000		1,000
Capital contribution	15		1,639,004		1,639,004
Other reserve	8		-		58,897
Capital redemption reserve	16		6,700,000		6,700,000
Retained deficit			(10,672,771)		(10,788,019)
Total shareholders' deficit			(2,332,767)		(2,389,118)

The financial statements on pages 7 to 25 were approved by the Board of Directors on 18 December 2019 and were signed on its behalf by:

C Brooking
....
C Brooking
Director

Company Registration No. 06023552

COUNTRYSIDE ANNINGTON (MILL HILL) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital	Capital contribution	Available for sale financial assets	Capital redemption reserve	Retained deficit	Total
	£	£	£	£	£	£
Balance at 1 April 2017	1,000	1,639,004	62,262	6,700,000	(10,460,277)	(2,058,011)
Year ended 31 March 2018:						
Loss for the year	-	-	-	-	(327,742)	(327,742)
Fair value loss on available for sale financial assets	-	-	(3,365)	-	-	(3,365)
Balance at 31 March 2018	1,000	1,639,004	58,897	6,700,000	(10,788,019)	(2,389,118)
Year ended 31 March 2019:						
Profit for the year	-	-	-	-	115,248	115,248
Fair value loss on available for sale financial assets	-	-	(58,897)	-	-	(58,897)
Balance at 31 March 2019	1,000	1,639,004	-	6,700,000	(10,672,771)	(2,332,767)

COUNTRYSIDE ANNINGTON (MILL HILL) LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

		2019		2018	
	Notes	**£**	**£**	**£**	**£**
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	**19**		(907,932)		21,583,247
Interest paid			(5,850,000)		-
Income taxes refunded			13,042		-
Net cash (outflow)/inflow from operating activities			(6,744,890)		21,583,247
Investing activities					
Proceeds from sale of available for sale financial assets		63,000		-	
Interest received		14,528		10,840	
Net cash generated from investing activities			77,528		10,840
Financing activities					
Repayment of borrowings		(2,000,672)		(15,550,000)	
Net cash used in financing activities			(2,000,672)		(15,550,000)
Net (decrease)/increase in cash and cash equivalents			(8,668,034)		6,044,087
Cash and cash equivalents at beginning of year			9,595,317		3,551,230
Cash and cash equivalents at end of year			927,283		9,595,317

1 Accounting policies

Company information

Countryside Annington (Mill Hill) Limited ('the Company') is a housebuilding business. The principal activity of the Company is that of residential property development and the provision of new neighbourhood facilities at Mill Hill, London.

The Company is a joint venture owned by Countryside Properties (Joint Ventures) Limited and Annington Developments Limited. The Company is a private company, limited by shares, incorporated in England and Wales and domiciled in the United Kingdom. The address of its registered office is Countryside House, The Drive, Brentwood, Essex, CM13 3AT.

1.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') as issued by the Financial Reporting Council and the requirements of the Companies Act 2006. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

The financial statements have been prepared on a going concern basis in Sterling, which is the functional currency of the Company, and under the historical cost convention, except for available for sale financial assets.

The preparation of the Company's financial statements under FRS 102 requires the Directors to make estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and related disclosures. Refer to Note 2.

1.2 Going concern

The Company will continue to provide post-sales support to its customers to fulfil the two year maintenance period. Once the Company's obligations for warranties lapse, the Directors expect the Company to become dormant.

The Directors have obtained assurances from the shareholders of the Company that financial support will continue to be provided to ensure that the Company can continue to meet its obligations as they fall due for a minimum period of 12 months from the date of these financial statements and they have accordingly been prepared on a going concern basis.

1 Accounting policies **(Continued)**

1.3 Revenue

Revenue comprises the fair value of the consideration received or receivable, net of applicable Value Added Tax, Stamp Duty Land Tax, rebates and discounts. Revenue and profit are recognised as set out below.

Private housing

Revenue is recognised in the Statement of Comprehensive Income on legal completion at the fair value of the consideration received.

Cash incentives

Cash incentives are considered to be a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

Affordable housing contracts and design and build contracting

Contract revenue and costs are recognised in accordance with FRS 102.

Where the outcome of a long-term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the statement of financial position date. This is normally measured by surveys of work performed to date. Variations in contract work, claims and incentive payments are included to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Where the outcome of a long-term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in the statement of comprehensive income within cost of sales.

1.4 Cost of sales

In certain instances, property may be accepted in part consideration for a sale of a residential property. The fair value is established by independent surveyors, reduced for the cost to sell. Net proceeds generated from the subsequent sale of part-exchange properties are recorded as a reduction to cost of sales. The original sale is recorded against turnover, with the fair value of the exchanged property replacing cash receipts.

For sales of private housing, the Company determines the value of inventory charged to cost of sales based on the total budgeted cost of developing the site. Once the total expected costs of development are established they are allocated to individual plots to achieve a build cost per plot. These costs are recognised within cost of sales when the related revenue is recognised in accordance with the Company's revenue recognition policy.

To the extent that additional costs or savings are identified as the site progresses, these are recognised over the remaining plots unless they are specific to a particular plot, in which case they are recognised in the statement of comprehensive income at the point of sale.

When it is probable that the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

As outlined above, costs in relations to the sale of affordable housing and design and build contracts are recognised in accordance with FRS 102.

1 Accounting policies ***(Continued)***

1.5 Inventories

Inventories are held at the lower of cost and net realisable value. Costs comprise direct materials, applicable direct labour and those overheads incurred to bring the inventories to their present location and condition. Net realisable value represents estimated selling price less all estimated costs to sell, including sales and marketing costs.

Land options purchased are initially stated at cost. Option costs are written off over the remaining life of the option and are also subject to impairment review. Impairment reviews are performed when circumstances arise which indicate an impairment is likely, such as a refusal of planning permission. Any impairments are recognised immediately in the Statement of Comprehensive Income.

Land inventory is recognised when the substantial risks and rewards of ownership transfer to the Company after unconditional exchange of contracts. Where land is purchased with deferred payment terms, a corresponding liability is recognised within trade and other payables.

Pre-contract expenditure is capitalised where it is probable that a contract will be signed or otherwise is recognised as an expense within costs of sales in the Statement of Comprehensive Income.

Provisions for inventories are made, where appropriate, to reduce the value of inventories and work in progress to their net realisable value.

1.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the Company with maturities of three months or less.

1 Accounting policies **(Continued)**

1.7 Financial assets

The Company classifies its financial assets as:

- loans and receivables; and
- available for sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risk and rewards.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the Statement of Financial Position.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for impairment. A provision for impairment is established when the carrying value of the receivable exceeds the present value of the future cash flows discounted using the original effective interest rate. The carrying value of the receivable is reduced and any impairment loss is recognised in the Statement of Comprehensive Income. If collection is expected in one year or less, receivables are classified as current assets. If not, they are classified as non-current assets.

Available for sale financial assets

Available-for-sale financial assets are non-derivative assets that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Prior to sale in June 2018, equity share scheme loans were classified as available-for-sale financial assets and were initially recorded at fair value net of transaction costs. Fair value was assessed annually with gains and losses being recognised directly in other comprehensive income until the loan was repaid. The loans were discounted at an interest rate equivalent to market rate. On repayment the accumulated fair value, which had been recognised in the Statement of Changes in Equity, was recognised in the Statement of Comprehensive Income. If a loan was determined to be impaired, any impairment loss was recognised immediately in the Statement of Comprehensive Income.

Increases in the fair value of available-for-sale assets are initially deferred and recorded within reserves. Reductions in the fair value of available-for-sale assets are recorded as a reduction in reserves, to the extent available, with any additional reduction recorded in the Statement of Comprehensive Income. The net deferral of increases in fair value are disclosed in the available for sale financial assets reserve.

Impairment of financial assets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event or events has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

1 Accounting policies **(Continued)**

1.8 Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of each contractual agreement.

Trade payables

Trade payables on normal terms are not interest bearing and are stated initially at their fair value and subsequently at amortised cost.

Land creditors

Where land is purchased on deferred settlement terms the land and associated liability are discounted to their fair value. The discount to fair value is amortised over the period of the credit term and charged to finance costs using the effective interest rate method. Changes in estimates of the final payment due are capitalised into inventory and, in due course, to cost of sales in the Statement of Comprehensive Income.

Trade payables also include liabilities in respect of land overage where the Company is committed to make contractual payments to land vendors related to the performance of the development in the future. Land overage is estimated based on expected future cash flows in relation to relevant developments and, where payment will take place in more than one year, is discounted.

Deposits received from customers relating to sales of new properties are classified within current trade payables.

Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are classified as non-current liabilities.

Shareholder loans

Shareholder loans are recorded initially at their fair value and subsequently carried at amortised cost. Where shareholder loans have no fixed repayment date but are repayable on demand they are classified as current liabilities.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

1 Accounting policies **(Continued)**

1.9 Taxation

Income tax comprises current and deferred tax.

Current tax

The current tax payable is based on taxable profit for the period which differs from the accounting profits as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and those items never taxable or deductible. The Company's liability for current tax is measured using tax rates that have been enacted or substantially enacted by the reporting period.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax rates used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax is calculated at the substantively enacted tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity, or items charged or credited directly to other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the Company intends to settle the balances on a net basis.

1.10 Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision in measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1 Accounting policies **(Continued)**

1.11 Finance income and expense

Interest income is recognised using the effective interest rate method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

Finance costs associated with the time value of money on discounted receivables and payables is recognised within finance costs and the discount unwinds over the life of the relevant item.

2 Critical accounting estimates and judgements

The preparation of the Company's financial statements under FRS 102 requires the Directors to make estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and related disclosures.

Critical accounting judgements

In the process of applying the Company's accounting policies, which are described in note 1, the Directors have made no individual judgements that have a significant impact on the financial statements.

Key sources of estimation uncertainty

Estimates and underlying assumptions affecting the financial statements are based on historical experience and other relevant factors and are reviewed on an ongoing basis. This approach forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information. Such changes are recognised in the year in which the estimate is revised.

As a result of Mill Hill being build complete with no remaining unsold plots, the Directors do not consider there to be a significant risk of material adjustment to these financial statements as a result of estimates applied during the financial year.

3 Revenue

All of the Company's revenues are derived in the United Kingdom and from its housebuilding and related development activities.

4 Operating profit/(loss)

	2019	2018
Operating profit/(loss) for the year is stated after charging:	£	£
Fees payable to the Company's auditor for the audit of the Company's financial statements	25,000	34,853
Cost of inventories recognised as an expense	6,380,961	30,924,061

The Company had no employees during the financial year (2018: Nil).

The Directors did not receive any remuneration in respect of services provided to this Company in the current or prior year. The value of the services to the Company was negligible during both the current and prior year.

5 Interest receivable and similar income

	2019	2018
	£	£
Unwind of discount on available for sale financial assets	7,407	10,697
Bank interest	14,528	10,840
Total interest receivable and similar income	21,935	21,537

6 Interest payable and similar expenses

	2019	2018
	£	£
Unwinding of discount on land creditor	95,389	66,882

7 Tax on profit/(loss)

	Note	2019 £	2018 £
Corporation tax			
Current year		27,033	153,760
Adjustments in respect of prior periods		-	(45,181)
		27,033	108,579
Deferred tax			
Origination and reversal of temporary differences		-	(202,775)
Adjustments in respect of prior periods		-	38,404
		-	(164,371)
Total tax charge/(credit) for the year		27,033	(55,792)

Tax assessed for the year is the same as (2018: higher than) the standard rate of corporation tax in the United Kingdom at 19.0% (2018: 19.0%).

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

	2019 £	2018 £
Profit/(loss) before taxation	142,281	(383,534)
Profit/(loss) before taxation multiplied by the standard rate of UK corporation tax of 19.0% (2018: 19.0%)	27,033	(72,871)
Taxation impact of factors affecting tax charge:		
Effect of change in tax rates	-	23,856
Adjustments in respect of prior periods	-	(6,777)
Tax charge/(credit) for the year	27,033	(55,792)

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective from 1 April 2020) were substantively enacted on 15 September 2016. This will reduce the Company's future tax charge/(credit) accordingly.

8 Available for sale financial assets

	2019	2018
	£	£
At 1 April	179,552	172,220
Unwind of discount	7,407	10,697
Fair value movement	(94,595)	(3,365)
Disposal	(92,364)	-
At 31 March	-	179,552

During the year, the Company disposed of all of its shared equity loans to a third party, with the sale agreed based on the 31 December 2017 portfolio value, for total consideration of £92.4k. As at 31 March 2019, £63.0k of the consideration had been received by the Company, with the deferred element receivable in July 2020. A loss of £35.7k was recognised within cost of sales, after the recycle of the available-for-sale reserve of £58.9k.

In previous years and until their derecognition during the year, the available-for-sale financial assets comprised loans advanced to homebuyers to assist in the purchase of their property under shared equity schemes. The loans were secured by either a first or second legal charge over the property and were either interest free or had interest chargeable from the fifth or tenth year onwards, dependent upon the scheme under which the loans were issued.

The assets were held at fair value, representing the current market value of the properties held discounted to fair value, based on the redemption date of the loan. These loans were subject to credit risk, where loans might potentially not be repaid if the borrower defaulted on repayment. An adjustment for credit risk was built into the calculation by using a discount rate equivalent for home loans, which rank behind mortgages.

The estimated value took into consideration movements in house prices, the anticipated timing of the repayment of the asset and associated credit risk. As the precise valuation and timing of the redemption of these assets was uncertain, the Group applied assumptions based upon extant market conditions and the Group's experience of actual cash flows resulting from these transactions. These assumptions were reviewed at the end of each financial year as part of the impairment review conducted by the Directors. The difference between the estimated future value and the initial fair value was credited to finance income over the term of the loan. The inputs used were by nature estimated and the resultant fair value was classified as Level 3 under the fair value hierarchy.

9 Inventories

	2019	2018
	£	£
Completed properties and work in progress	39,726	6,669,245

10 Trade and other receivables

Amounts falling due within one year:	2019 £	2018 £
Trade receivables	76,253	73,913
Other receivables	19,706	83,473
	95,959	157,386

11 Creditors: amounts falling due within one year

	Note	2019 £	2018 £
Trade payables		887,371	1,288,975
Shareholder loans	17	1,996,925	9,847,597
Other amounts due to shareholders	17	9,942	23,873
Land creditors		-	6,998,644
Corporation tax		443,016	402,941
Accruals and deferred income		58,481	97,727
		3,395,735	18,659,757

12 Financial instruments

The carrying value of the Company's financial assets and liabilities are summarised by category below:

Financial assets	2019 £	2018 £
Measured at amortised cost		
Trade and other receivables	95,959	157,386
Measured at fair value through other comprehensive income		
Available for sale financial assets	-	179,552
Cash and cash equivalents	927,283	9,595,317
	1,023,242	9,932,255

Financial liabilities		
Measured at amortised cost		
Trade payables	(887,371)	(1,288,975)
Shareholder loans	(1,996,925)	(9,847,597)
Other amounts owed to shareholders	(9,942)	(23,873)
Land creditors	-	(6,998,644)
	(2,894,238)	(18,159,089)

12 Financial instruments **(Continued)**

The Company's income, expense, gains and losses in respect of financial instruments are summarised below:

	2019	2018
	£	£
Interest receivable and payable (Notes 5 and 6)		
Interest receivable for financial assets at amortised cost	14,528	10,840
Interest receivable for financial assets measured at fair value through other comprehensive income	7,407	10,697
Interest payable for financial liabilities at amortised cost	(95,389)	(66,882)
	(73,454)	(45,345)
Fair value gains and losses		
Fair value loss on financial assets measured at fair value through other comprehensive income	(58,897)	(3,365)

13 Provisions

	2019	2018
	£	£
Provision for repairs	-	330,861

	£
At 1 April 2018	330,861
Release of provision	(330,861)
At 31 March 2019	-

The Company previously held a provision for repairs relating to foundation failures and ongoing litigation. The open cases were settled during the financial year with no liability to the Company.

14 Share capital

	2019	2018
	£	£
Ordinary share capital		
Issued and fully paid		
500 Class "X" Ordinary shares of £1 each	500	500
500 Class "Y" Ordinary shares of £1 each	500	500
	1,000	1,000

The rights of the holders of the "X" ordinary shares and "Y" ordinary shares are identical and rank pari passu.

15 Capital contribution

	2019	2018
	£	£
Countryside Properties (Joint Ventures) Limited	783,422	783,422
Annington Developments Limited	855,582	855,582
At 31 March	1,639,004	1,639,004

During the year ended 31 March 2017, the shareholders elected to waive their right to collect interest on the outstanding loan balances owed by the Company for the year ended 31 March 2017. The Directors of the Company deemed this a capital contribution and this has been reflected directly through equity.

16 Capital redemption reserve

The £6.7m Capital Reserve represents the gain that arose by virtue of the negotiation of a reduction in the deferred land price that will become payable to the land vendor. This renegotiation was settled on 31 March 2009. The Directors have concluded that this gross reduction should be credited to Capital Reserve. As the project proceeds, the Directors anticipate that the difference between the profit reported through the profit and loss account and the balance distributable to shareholders following this renegotiation will be released from Capital Reserve and become available to shareholders as a distributable reserve, net of any corporation tax (Note 7) which may be payable.

17 Related party transactions

The Company is a joint venture between Countryside Properties (Joint Ventures) Limited and Annington Developments Limited, both of which are incorporated in the United Kingdom.

The Company had no transactions with Annington Developments Limited during the current or prior financial year. The Company had the following transactions with Countryside Properties (Joint Ventures) and its associated companies:

	2019	2018
	£	£
Project management services	-	908,286
Marketing, legal and technical services	220,710	328,771
	220,710	1,237,057

As at the statement of financial position date, the following balances were owed by the Company to related parties:

Countryside Properties (Joint Ventures) Limited and its associated companies:

	2019	2018
	£	£
Consortium tax relief	133,928	133,928
Marketing, legal, technical and management services	9,942	23,873
Shareholder loans	996,173	4,921,509
	1,140,043	5,079,310

Annington Developments Limited and associated companies:

	2019	2018
	£	£
Consortium tax relief	205,175	235,931
Deferred land payments due	-	7,092,036
Shareholder loans	1,000,752	4,926,088
	1,205,927	12,254,055

During the year, all outstanding loans have been repaid, with the remaining balance in 'Shareholder loans' above representing interest on these loans. There is no fixed date for repayment of these balances.

18 Controlling party

The Company is jointly controlled by Countryside Properties (Joint Ventures) Limited (a wholly-owned subsidiary of the Countryside Properties (UK) Limited) and Annington Developments Limited (a wholly owned subsidiary of Annington Limited) pursuant to a joint venture agreement dated 27 February 2007. All companies are incorporated in the United Kingdom.

The ultimate parent company of Countryside Properties (Joint Ventures) Limited and the smallest and largest Group into which Countryside Properties (Joint Ventures) Limited is consolidated is Countryside Properties PLC. Countryside Properties PLC is incorporated in the United Kingdom. The registered address of both companies is Countryside House, The Drive, Great Warley, Brentwood, Essex, CM13 3AT.

The Directors of Annington Developments Limited regard its ultimate parent entity to be Terra Firma Holdings Limited, a company registered in Guernsey. The ultimate controlling party of Annington Developments Limited is Guy Hands. The smallest and largest Group into which Annington Developments Limited is consolidated is Annington Limited, a company incorporated in the United Kingdom. The registered address of both Annington Developments Limited and Annington Limited is 1 James Street, London, W1U 1DR.

19 Cash (absorbed by)/generated from operations

	2019	2018
	£	£
Profit/(loss) for the financial year after taxation	115,248	(327,742)
Adjustments for:		
Taxation charged/(credited)	27,033	(55,792)
Finance costs	95,389	66,882
Finance income	(21,935)	(21,537)
Loss on sale of investments	35,698	-
(Decrease)/increase in provisions	(330,861)	85,260
Movements in working capital:		
Decrease in inventories	6,629,519	25,410,656
Decrease in trade and other receivables	90,790	275,997
(Decrease) in trade and other payables	(7,548,813)	(3,850,477)
Cash (absorbed by)/generated from operations	(907,932)	21,583,247