

Company Registration No. 8810797 (England and Wales)

**GALLAGHER DEVELOPMENTS HOLDCO LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## COMPANY INFORMATION

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**Directors** Mr G H Gosling  
Mr A C Gallagher

**Company number** 8810797

**Registered office** Gallagher House  
Gallagher Way  
Gallagher Business Park  
Warwick  
Warwickshire  
CV34 6AF

**Independent auditor** Deloitte LLP  
Statutory Auditor  
Birmingham  
United Kingdom

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# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

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# **GALLAGHER DEVELOPMENTS HOLDCO LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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The directors present their annual report and audited financial statements for the year ended 30 September 2018.

The annual report has been prepared in accordance with the provisions applicable to companies entitled to small companies' exemption under Section 415A of the Companies Act 2006, which also provides an exemption from the preparation of a strategic report.

### **Principal activities**

The principal activity of the Group in the year under review was that of property investment. The principal activity of the Company in the year under review was that of the holding Company of a property investment group.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G H Gosling  
Mr A C Gallagher

### **Results and dividends**

No ordinary dividends were paid or proposed for the year ended 30 September 2018 (2017: £nil).

### **Qualifying third party indemnity provisions**

The Group maintain liability insurance for their directors and officers. This is a qualifying third party indemnity provision for the purpose of the Companies Act 2006, and was in place during the financial year and up to the date of signing these financial statements.

### **Financial risk management**

The Group uses internally generated funding and bank loan facilities to ensure that it has sufficient working capital available to undertake its property investment activities. The Group has significant cash resources and banking facilities available to it. Where the Group is subject to any significant risk in relation to interest rate movements, interest rate hedges are used.

### **Future developments**

The Directors expect the general level of activity to increase compared to 2018 in the forthcoming year across the Group as a result of the acquisition of Gallagher Investments Holdco Limited, a company formerly under the control of ultimate shareholder Mr A C Gallagher.

### **Going concern**

The financial statements have been prepared on a going concern basis with the directors considering the cash flows for the Company and Group arising from rental inflows, operating costs, property development projects and financing activities in the current market conditions. The Company has provided confirmation of support to certain subsidiary undertakings and related undertakings and the directors have reviewed the basis on which this parent company support can be provided. Accordingly, the directors believe that it is appropriate to prepare the financial statements of the Group on a going concern basis.

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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### Director's 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 group and 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 group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

### Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term. Appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Approved on behalf of the board

  
Mr G H Gosling

Director

13 February 2019

# **GALLAGHER DEVELOPMENTS HOLDCO LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF GALLAGHER DEVELOPMENTS HOLDCO LIMITED**

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#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion the financial statements of Gallagher Developments Holdco Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2018 and of the group's 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 consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity; and
- the related notes 1 to 25.

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 group and parent 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 the 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 group's or the parent 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.

# **GALLAGHER DEVELOPMENTS HOLDCO LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF GALLAGHER DEVELOPMENTS HOLDCO LIMITED**

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#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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 group's and the parent 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 group or the parent 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Report on other legal and regulatory requirements**

##### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF GALLAGHER DEVELOPMENTS HOLDCO LIMITED

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#### Matters on which we are required to report by exception

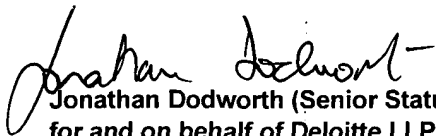
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

#### Use of our report

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



Jonathan Dodworth (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP

13 February 2019

Statutory Auditor  
Birmingham, United Kingdom



# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 £'000	2017 £'000
Turnover	3	3,638	2,963
Cost of sales		(420)	(356)
Gross profit		3,218	2,607
Administrative expenses		(1,024)	(1,034)
Operating profit	4	2,194	1,573
Interest receivable and similar income	7	382	252
Interest payable and similar expenses	8	(700)	(477)
Amounts written off investments		-	272
Fair value gains and losses on investment properties	11	(1,190)	(1,002)
Profit before taxation		686	618
Tax on profit	9	(306)	(198)
Profit for the financial year		380	420

All of the Group's activities relate to continuing operations.

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

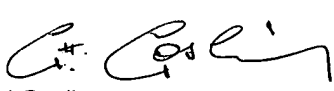
## GROUP BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Notes	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Total intangible assets		-	-
Tangible assets	10	60	-
Investment properties	11	48,063	37,295
Investments	12	12,730	-
		<u>60,853</u>	<u>37,295</u>
<b>Current assets</b>			
Stocks	15	656	-
Debtors	16	38,527	58,479
Cash at bank and in hand		37,080	3,309
		<u>76,263</u>	<u>61,788</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(27,135)</u>	<u>(2,871)</u>
<b>Net current assets</b>		<u>49,128</u>	<u>58,917</u>
<b>Total assets less current liabilities</b>		<u>109,981</u>	<u>96,212</u>
<b>Creditors: amounts falling due after more than one year</b>	18	(6,286)	(18,772)
<b>Provisions for liabilities</b>		-	(105)
<b>Net assets</b>		<u>103,695</u>	<u>77,335</u>
<b>Capital and reserves</b>			
Called up share capital	21	90,000	67,000
Share premium account		3,660	3,660
Merger reserve		2,980	-
Profit and loss reserves		7,055	6,675
<b>Total equity</b>		<u>103,695</u>	<u>77,335</u>

These financial statements have been prepared in accordance with the provisions applicable to groups and companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 13 February 2019 and are signed on its behalf by:

  
Mr G H Gosling  
Director

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## COMPANY BALANCE SHEET

AS AT 30 SEPTEMBER 2018

	Notes	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Investments	12	25,613	-
<b>Current assets</b>			
Debtors	16	69,898	73,181
Cash at bank and in hand		4,323	920
		<u>74,221</u>	<u>74,101</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(1,254)</u>	<u>(1,124)</u>
<b>Net current assets</b>		72,967	72,977
<b>Total assets less current liabilities</b>		<u>98,580</u>	<u>72,977</u>
<b>Capital and reserves</b>			
Called up share capital	21	90,000	67,000
Share premium account		3,660	3,660
Merger reserve		2,613	-
Profit and loss reserves		2,307	2,317
<b>Total equity</b>		<u>98,580</u>	<u>72,977</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The Company's loss for the financial year was £10,000 (2017: £32,000 loss).

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

The financial statements were approved by the board of directors and authorised for issue on 13 February 2019 and are signed on its behalf by:

  
Mr G H Gosling  
Director

Company Registration No. 8810797

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Other reserves £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 October 2016		67,000	3,660	2,107	-	4,148	76,915
Year ended 30 September 2017:							
Profit and total comprehensive income for the year		-	-	-	-	420	420
Transfers		-	-	(2,107)	-	2,107	-
Balance at 30 September 2017		67,000	3,660	-	-	6,675	77,335
Year ended 30 September 2018:							
Profit and total comprehensive income for the year		-	-	-	-	380	380
Issue of share capital	21	23,000	-	-	-	-	23,000
Recognition of merger reserve		-	-	-	2,980	-	2,980
Balance at 30 September 2018		90,000	3,660	-	2,980	7,055	103,695

GALLAGHER DEVELOPMENTS HOLDCO LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2018

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	Share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss reserves £'000	Total £'000
Balance at 1 October 2016		67,000	3,660	-	2,349	73,009
Year ended 30 September 2017:						
Loss and total comprehensive expense for the year		-	-	-	(32)	(32)
Balance at 30 September 2017		67,000	3,660	-	2,317	72,977
Year ended 30 September 2018:						
Loss and total comprehensive expense for the year		-	-	-	(10)	(10)
Issue of share capital	21	23,000	-	-	-	23,000
Recognition of merger reserve		-	-	2,613	-	2,613
Balance at 30 September 2018		90,000	3,660	2,613	2,307	98,580

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 SEPTEMBER 2018**

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### **1 Accounting policies**

#### **Company information**

Gallagher Developments Holdco Limited ("the Company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Gallagher House, Gallagher Way, Gallagher Business Park, Warwick, Warwickshire, CV34 6AF.

The group consists of Gallagher Developments Holdco Limited and all of its subsidiaries.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), Section 1A and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Basis of consolidation**

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Gallagher Developments Holdco Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

Group reconstructions are accounted for by using the acquisition accounting method and utilising merger relief when applicable.

All financial statements are made up to 30 September 2018. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### **1.3 Going concern**

The financial statements have been prepared on a going concern basis with the Directors considering the cash flows for the Group arising from rental inflows, operating costs, property development projects and financing activities in the current market conditions. Accordingly, the Directors believe that it is appropriate to prepare the financial statements of the Group on a going concern basis.

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 1 Accounting policies

(Continued)

The consolidated financial statements incorporate those of Gallagher Developments Holdco Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

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All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

#### 1.3 Going concern

The financial statements have been prepared on a going concern basis with the Directors considering the cash flows for the Group arising from rental inflows, operating costs, property development projects and financing activities in the current market conditions. Accordingly, the Directors believe that it is appropriate to prepare the financial statements of the Group on a going concern basis.

#### 1.4 Turnover

Turnover represents the rental income receivable, service charges and other recoveries from investment properties in the United Kingdom.

In circumstances where a tenant has been given an incentive to enter into a lease by way of a payment the incentive is treated as a reduction in rental income. The group has taken advantage of the exemption in respect of the lease incentives on leases in existence on the date of transition to FRS 102 (1 October 2014). Similarly, where an incentive is given to a tenant by way of a rent free period the total rental income receivable for the period to the first rent review is recognised on a straight line basis from term commencement to the date of the first rent review.

#### 1.5 Cost of sales

Cost of sales includes expenses relating to the servicing of property and collection of rental income.

In addition to the costs originally stocked in work in progress attributable to each sales transaction, included within cost of sales are expenses relating to fees expended in promoting developments through the planning system which are written off to the statement of comprehensive income until the viability of such a developments is reasonably secure, after which such costs are capitalised in accordance with the stocks accounting policy.

#### 1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures and fittings	25% Straight line
Motor vehicles	25% Straight line

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 1 Accounting policies

(Continued)

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

#### 1.7 Investment properties

Investment properties are properties owned by the Group which are held for long-term rental income and capital appreciation. Investment property includes property that is being constructed, developed or re-developed for future use as an investment property. Investment property is initially recognised at cost, including related transaction costs. It is subsequently carried at each published balance sheet date at fair value on an open market basis as determined by the directors. Changes in fair value are included in the statement of comprehensive income.

Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property:

- will flow to the Company;
- there are no material conditions precedent which could prevent completion; and
- the cost of the investment property can be measured reliably.

#### 1.8 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The group considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate using the equity method. Any difference between the cost of acquisition and the share of the fair value of the net identifiable assets of the associate on acquisition is recognised as goodwill. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

Losses in excess of the carrying amount of an investment in an associate are recorded as a provision only when the company has incurred legal or constructive obligations or has made payments on behalf of the associate.

In the parent company financial statements, investments in associates are accounted for at cost less impairment.

Entities in which the group has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.



# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 1. Accounting policies

(Continued)

#### 1.9 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.10 Stocks

Work in progress is valued at the lower of cost and estimated selling price less costs to complete and selling expenses. Cost initially includes the purchase of a development property and acquisition expenses. Directly attributable development costs are capitalised. Provision is made against stock where circumstances indicate that recovery is unlikely.

#### 1.11 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### 1.12 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 1. Accounting policies

(Continued)

#### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

#### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 1. Accounting policies

(Continued)

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

### **1.13 Equity instruments**

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

### **1.14 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

#### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

#### **Deferred tax**

Deferred tax assets and liabilities arising due to timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation at the current rate of tax are recognised in the financial statements. Deferred tax assets are only recognised when it is considered more likely than not that they will be realised.

### **1.15 Foreign exchange**

Assets and liabilities in foreign currencies are translated into pounds sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into pounds sterling at the rate of exchange ruling at the date of transaction. Any differences are taken to the Statement of Comprehensive Income.

### **1.16 Amortisation of loan issue costs**

Costs incurred in respect of obtaining loan finance are disclosed against the bank loan creditor and the costs are amortised on a straight-line basis over the term of the loan.

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There are no accounting judgements used within these financial statements.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Valuation of investment properties

The valuation of the property portfolio is a critical part of the Group's performance. The Group carries the property portfolio at fair value in the balance sheet and carries out internal valuation on an annual basis.

The determination of the fair value of each property requires, to the extent applicable, the use of estimates and assumptions in relation to factors such as future lease income, lease incentives, current market yields, future development costs and the appropriate discount rate.

#### Valuation of investments

The valuation of non-listed investments is a critical part of the Group's performance. The Group carries its non-listed investments at cost less provision for diminution in value in the balance sheet and carries out internal valuations on an annual basis.

The determination of the cost less provision for diminution in value requires, to the extent applicable, the use of estimates and assumptions in relation to factors such as the future recovery of capital, income flows, foreign exchange and third party counterparty risk.

#### Provision for future costs

Provision for costs is based on estimates of future costs expected to be incurred to satisfy contractual obligations. In order to assess the appropriateness of the provision for future costs, these are reviewed on a annual basis taking account of the latest price information and works that will be required. The estimate of costs to complete may differ from the actual costs incurred on completion.

#### Carrying value of land and work in progress

Work in progress, which includes land held for development, is valued at the lower of cost and estimated selling price less costs to complete and selling expenses. In order to assess the appropriateness of the carrying value of work in progress in the financial statements, the company is required to determine forecast sales rates, expected sales prices and estimated costs to complete.

### 3 Turnover and other revenue

	2018 £'000	2017 £'000
<b>Turnover analysed by class of business</b>		
Rental income	3,638	2,963

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 4 Operating profit

	2018 £'000	2017 £'000
Operating profit for the year is stated after charging:		
Loss on disposal of investment property		27
	<u>          </u>	<u>          </u>

### 5 Auditor's remuneration

	2018 £'000	2017 £'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	6	3
Audit of the financial statements of the company's subsidiaries	20	8
	<u>26</u>	<u>11</u>

### 6 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2018 Number	2017 Number	Company 2018 Number	2017 Number
Total employees	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

Both directors are paid by Countywide Developments Limited. This company is wholly owned by Gallagher Investments Holdco Limited, a company under the control of ultimate shareholder Mr A C Gallagher, and their emoluments are disclosed in the financial statements of the company. No recharge of directors' remuneration is made to this Company. The directors of this Company are the only key management personnel in the Group.

Management fees of £965,000 (2017: £945,000) were charged to the group and shown in administrative expenses, by Countywide Developments Limited, a related company under common control of Mr A C Gallagher. At business close on 30 September 2018, the Company acquired the entire share capital of Gallagher Investments Holdco Limited, the parent of Countywide Developments Limited.

### 7 Interest receivable and similar income

	2018 £'000	2017 £'000
Interest income		
Interest receivable from related parties	373	245
Other interest income	9	7
Total income	<u>382</u>	<u>252</u>

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 8 Interest payable and similar expenses

	2018 £'000	2017 £'000
Interest on bank overdrafts and loans	770	807
Other interest on financial liabilities	172	57
Finance costs for financial instruments measured at fair value through profit or loss	(242)	(390)
Other interest		3
<b>Total finance costs</b>	<b>700</b>	<b>477</b>

### 9 Taxation

	2018 £'000	2017 £'000
<b>Current tax</b>		
UK corporation tax on profits for the current period	412	249
Adjustments in respect of prior periods	-	(28)
Group tax relief	-	(3)
<b>Total current tax</b>	<b>412</b>	<b>218</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(106)	(97)
Other adjustments	-	77
<b>Total deferred tax</b>	<b>(106)</b>	<b>(20)</b>
<b>Total tax charge for the year</b>	<b>306</b>	<b>198</b>

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 9. Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2018 £'000	2017 £'000
Profit before taxation	686	618
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.50%)	130	121
Tax effect of expenses that are not deductible in determining taxable profit	298	70
Adjustments in respect of prior years	-	(28)
Permanent capital allowances in excess of depreciation	(16)	(20)
Other non-reversing timing differences	-	(19)
Deferred tax	(106)	-
Loss on disposal of investment property not taxable	-	5
Chargeable gains	-	69
Taxation charge for the year	306	198

The Finance (No 2) Act 2015, which was substantively enacted on 26 October 2015, included provisions which reduced the main rate of corporation tax to 19% from 1 April 2017 and the Finance Act 2016, which was substantively enacted on 15 September 2016, included provisions which reduced the main rate of corporation tax to 17% from 1 April 2020. Accordingly, the current year tax charge has been provided for at a rate of 19% and deferred tax assets and liabilities have been provided for at rates between 17% and 19% depending on the expected date that the deferred tax assets or liabilities are expected to unwind

### 10 Tangible fixed assets

Group	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>			
At 1 October 2017	-	-	-
Additions through external acquisitions	6	54	60
At 30 September 2018	6	54	60
<b>Depreciation and impairment</b>			
At 1 October 2017 and 30 September 2018	-	-	-
<b>Carrying amount</b>			
At 30 September 2018	6	54	60

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 11 Investment property

	Group 2018 £'000	Company 2018 £'000
<b>Fair value</b>		
At 1 October 2017 and 30 September 2018	37,295	-
Additions	11,958	-
Revaluations	(1,190)	-
	<u>48,063</u>	<u>-</u>
At 30 September 2018	<u>48,063</u>	<u>-</u>

Investment properties are held at fair value as at 30 September 2018 based on internal valuations performed by directors, who have significant knowledge and experience of the property investment market. The loss arising on revaluation of the investment property is included in the Statement of Comprehensive Income for the year.

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	Group 2018 £'000	2017 £'000	Company 2018 £'000	2017 £'000
Cost	44,195	36,708	-	-
Accumulated depreciation	-	-	-	-
Carrying amount	<u>44,195</u>	<u>36,708</u>	<u>-</u>	<u>-</u>

### 12 Fixed asset investments

	Notes	Group 2018 £'000	2017 £'000	Company 2018 £'000	2017 £'000
Investments in subsidiaries	13	-	-	25,613	-
Listed investments		10,060	-	-	-
Unlisted investments		2,670	-	-	-
		<u>12,730</u>	<u>-</u>	<u>25,613</u>	<u>-</u>
Listed investments carrying amount		<u>10,060</u>	<u>-</u>	<u>-</u>	<u>-</u>



# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 12 Fixed asset investments

(Continued)

#### Movements in fixed asset investments

##### Group

Investments  
other than  
loans  
£'000

##### Cost or valuation

At 1 October 2017

-

Additions through group reconstruction

12,730

At 30 September 2018

12,730

##### Carrying amount

At 30 September 2018

12,730

At 30 September 2017

-

#### Movements in fixed asset investments

##### Company

Shares in  
group  
undertakings  
£'000

##### Cost or valuation

At 1 October 2017

-

Additions through group reconstruction (see note 25)

25,613

At 30 September 2018

25,613

##### Carrying amount

At 30 September 2018

25,613

At 30 September 2017

-

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 13 Subsidiaries

Details of the company's subsidiaries at 30 September 2018 are as follows:

Company Name	Company number	Principal activity	Class of shares held	% Held	
				Direct	Indirect
Gallagher Developments Cardington Limited	11101764	Property investment	Ordinary	100.00	
Gallagher Developments Caerphilly Limited	08810807	Property investment	Ordinary	100.00	
Gallagher Developments Warwick Limited	08810805	Property investment	Ordinary	100.00	
EnSCO 807 Limited	07361630	Property investment	Ordinary	100.00	
Gallagher Developments Limited	00937417	Dormant	Ordinary	100.00	
Gallagher Investments Holdco Limited	08810802	Investment Holding	Ordinary	100.00	
Countywide Developments Limited	02865543	Investment	Ordinary		100.00
Countywide Heathcote Limited	06346742	Property development	Ordinary		100.00
Countywide Dundee Limited	04195590	Property investment	Ordinary		100.00
Countywide Molesey Limited	04132029	Dormant	Ordinary		100.00
EBW Property Investments Limited	05046178	Property investment	Ordinary		100.00
Hull Property Investments Limited	05438809	Property investment	Ordinary		100.00
Biddulph Property Investments Limited	05262818	Property investment	Ordinary		100.00

Warwick Gates Management Company Limited by Guarantee is a wholly owned subsidiary of Gallagher Developments Warwick Limited. The liability of Gallagher Developments Warwick Limited is limited to £2 in the event of Warwick Gates Management Company Limited being wound up.

At business close on 30 September 2018, the Company acquired the entire share capital of Gallagher Investments Holdco Limited.

The registered office address of all the entities listed above is Gallagher House, Gallagher Way, Gallagher Business Park, Heathcote, Warwick, CV34 6AF.

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 14 Financial instruments

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	38,436	58,397	n/a	n/a
Equity instruments measured at cost less impairment	12,730	-	n/a	n/a
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	32,973	21,483	n/a	n/a

As disclosed in Note 1, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

#### Interest rate swap

The Group holds a derivative contract in the form of an interest rate swap which expires April 2019. Interest is charged at a fixed rate of 1.54% - 1.77% above LIBOR, cash flows on the interest rate swap are paid quarterly. As at 30 September 2018 the fair value of the derivative contract was £126,000 payable (2017: £368,000 payable).

	Due within one year		Due after one year	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
<b>Derivatives carried at fair value - Liabilities</b>				
Interest rate swaps	126	242	-	126

### 15 Stocks

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Work in progress through external acquisition	656	-	-	-

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 16 Debtors

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade debtors	1,333	668		
Amounts owed by group undertakings	-	-	69,898	15,417
Amounts owed by undertakings in which the company has a participating interest	11,488	57,682	-	57,682
Other debtors	25,652	129		82
	<u>38,473</u>	<u>58,479</u>	<u>69,898</u>	<u>73,181</u>
<b>Amounts falling due after more than one year:</b>				
Deferred tax asset (note 20)	54	-	-	-
	<u>38,527</u>	<u>58,479</u>	<u>69,898</u>	<u>73,181</u>
<b>Total debtors</b>	<u>38,527</u>	<u>58,479</u>	<u>69,898</u>	<u>73,181</u>

### 17 Creditors: amounts falling due within one year

	Notes	Group		Company	
		2018	2017	2018	2017
		£'000	£'000	£'000	£'000
Bank loans and overdrafts	19	18,772	534	-	-
Trade creditors		583	82	28	29
Corporation tax payable		304	131	139	131
Other taxation and social security		144	29	81	-
Other creditors		4,601	48	-	-
Accruals and deferred income		2,731	2,047	1,006	964
		<u>27,135</u>	<u>2,871</u>	<u>1,254</u>	<u>1,124</u>

### 18 Creditors: amounts falling due after more than one year

	Notes	Group		Company	
		2018	2017	2018	2017
		£'000	£'000	£'000	£'000
Bank loans and overdrafts	19	-	18,772	-	-
Other borrowings	19	6,286	-	-	-
		<u>6,286</u>	<u>18,772</u>	<u>-</u>	<u>-</u>

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 19 Loans and overdrafts

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank loans	18,772	19,306	-	-
Loans from group undertakings and related parties	6,286	-	-	-
	<u>25,058</u>	<u>19,306</u>	<u>-</u>	<u>-</u>
Payable within one year	18,772	534	-	-
Payable after one year	<u>6,286</u>	<u>18,772</u>	<u>-</u>	<u>-</u>

The bank loans are on normal commercial terms and are secured by way of fixed and floating charge over the assets of Gallagher Developments Caerphilly Limited and Gallagher Developments Warwick Limited. Interest is charged at 2.25% above LIBOR and the loans are repayable in full in 2019.

The loan from related parties is a long term loan on normal commercial terms and is secured by way of a negative pledge on the assets of Gallagher Developments Cardington Limited. The loan is provided by Gallagher Finance Limited, a company under the control of Mr A C Gallagher by virtue of his entire shareholding in the company. Interest is charged at 3% above the Bank of England base rate and the loan is repayable in full in 2023.

### 20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the group and company, and movements thereon:

	Liabilities	Liabilities	Assets	Assets
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Group				
Tax losses	-	-	54	-
Revaluations	-	105	-	-
	<u>-</u>	<u>105</u>	<u>54</u>	<u>-</u>

The company has no deferred tax assets or liabilities.

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2018

### 20 Deferred taxation

(Continued)

	Group 2018 £'000	Company 2018 £'000
<b>Movements in the year:</b>		
Liability at 1 October 2017	105	-
Credit to profit or loss	(106)	-
Movement through group reconstruction	(53)	-
Asset at 30 September 2018	(54)	-

Other than as disclosed above, neither the Group nor the Company had any further unrecognised liability to deferred tax.

### 21 Share capital

	Group and company 2018 £'000	2017 £'000
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
90,000,000 Ordinary shares of £1 each (2017: 67,000,000)	90,000	67,000

#### Reconciliation of movements during the year:

	Ordinary Shares
At 1 October 2017	67,000,000
Issue of fully paid shares	23,000,000
At 30 September 2018	90,000,000

### 22 Capital commitments

There were no capital expenditure commitments which had been contracted by the Group and not provided for at 30 September 2018 or 30 September 2017. The Company has no capital commitments.

# GALLAGHER DEVELOPMENTS HOLDCO LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2018

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### 23 Related party transactions

#### a) Group companies

The Group has taken advantage of the exemption in FRS 8 - 'Related party disclosures', not to disclose transactions with other 100% owned group companies.

#### b) Gallagher Investments Holdco Limited

At business close on 30 September 2018 the Company acquired the entire share capital of Gallagher Investments Holdco Limited, a company under the control of ultimate shareholder Mr A C Gallagher.

#### c) Countywide Developments Limited

During the year, the following arm's length transactions took place with subsidiaries of Countywide Developments Limited, companies controlled by Mr A C Gallagher.

#### i) Management fees

During the year, the Company was charged £965,000 (2017: £945,000) of management fees by Countywide Developments Limited, which were outstanding at the year end.

#### ii) Loans

As at 30 September 2018, Countywide Developments Limited owed the Company £51,887,000 (2017: £57,682,000) which included interest charges of £373,000 (2017: £245,000). Interest is charged at 0.2% plus the Bank of England base rate (2017: 0.7%).

#### d) Gallagher Estates Limited

Gallagher Developments Warwick Limited received rental income of £nil (2017: £279,000) from Gallagher Estates Limited, a company under the control of ultimate shareholder Mr A C Gallagher until February 2017, and recharged insurance and other property costs for the property to Gallagher Estates Limited. The charge for the year was £nil (2017: £4,000). As at the year ended the outstanding balance owed from Gallagher Estates Limited was £nil (2017: £nil).

#### e) Gallagher Finance Limited

As at 30 September 2018, Gallagher Finance Limited, a company under control of Mr A C Gallagher, was owed by the Group £6,286,000 (2017: £nil) which included interest charges of £106,000 (2017: £nil). Interest is charged at 3% above the Bank of England base rate. The loan is a long term loan on normal commercial terms and is secured by way of a negative pledge on the assets of Gallagher Developments Cardington Limited. The loan is on normal commercial terms and is repayable in full in 2023.

### 24 Controlling party

The Company is controlled by Mr A C Gallagher by virtue of his ownership of the entire issued share capital.

### 25 Group reconstruction

At business close on 30 September 2018 the Company acquired the entire share capital of Gallagher Investments Holdco Limited, a company under the control of ultimate shareholder Mr A C Gallagher. The acquisition was completed via a share for share exchange, combining two entities with the same equity holder into a group, and has been accounted for using the acquisition accounting method.

At the acquisition date the fair value of Gallagher Investments Holdco Limited's net assets was £25,613,000. The entire share capital of Gallagher Investments Holdco Limited was acquired for the consideration of 23,000,000 ordinary shares with a fair value of £25,613,000.