

# Gladedale Capital Limited

Annual report and financial statements for the year ended 31 December 2014

Company number: SC48050

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# **Gladedale Capital Limited**

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# **Gladedale Capital Limited**

## **Directors and advisors**

### **Directors**

Giles Sharp

### **Company secretary**

Joanne Massey

### **Registered office**

Regency House  
Crossgates Road  
Halbeath Industrial Estate  
Dunfermline  
Fife  
United Kingdom  
KY11 7EG

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX

## **Gladedale Capital Limited**

### **Directors' report for the year ended 31 December 2014**

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2014. In this report, the 'Group' means Avant Homes Holdings Limited and its subsidiary undertakings and the 'Company' means Gladedale Capital Limited.

This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

#### **Principal activities**

The Company's principal activity comprised property dealing, property investment and development.

#### **Review of business and future developments**

The profit and loss account is set out on page 6 and shows a loss on ordinary activities before taxation for the year of £161,000 (2013: £2,000).

The directors do not recommend the payment of a final dividend (2013: £nil). Accordingly, the loss after taxation for the financial year of £161,000 (2013: £2,000) has been transferred to reserves.

The Company benefits from the support provided by a Group undertaking, Avant Homes Holdings Limited.

#### **Principal risks and uncertainties**

The Company is a member of the Group and its risks are disclosed in the consolidated financial statements of Avant Homes Holdings Limited. Operational and financial risks are managed on a Group basis.

#### **Financial instruments and risk management**

Working capital requirements are principally satisfied from cash generated by the Company and through funding made available from the bank facilities established by Avant Homes Limited, whose treasury function also handles hedging arrangements.

#### **Key performance indicators (KPIs)**

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs beyond those ascertainable from the financial statements is not necessary for an understanding of the development, performance or position of the business.

#### **Directors**

The directors who of the company who were in office during the year and up to the date of signing the financial statements were:

N Fitzsimmons	(resigned 12 December 2014)
J Mortimore	(resigned 31 March 2015)
G Sharp	(appointed 23 January 2015)

## **Gladedale Capital Limited**

### **Directors' report for the year ended 31 December 2014 (continued)**

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing those 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 of information to auditors**

In the case of each of the persons who are directors at the time when the report is approved, the following applies:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**By order of the Board**



**G Sharp**  
**Director**

11 September 2015

# **Gladedale Capital Limited**

## **Independent auditors' report to the members of Gladedale Capital Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Gladedale Capital Limited's financial statements ("the financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **What we have audited**

Gladedale Capital Limited's financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year ended 31 December 2014; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### **Opinion on matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' report for the year ended 31 December 2014 is consistent with the financial statements.

#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remunerations specified by law have not been made. We have no exceptions to report arising from this responsibility.

##### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

## **Gladedale Capital Limited**

### **Independent auditors' report to the members of Gladedale Capital Limited (continued)**

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK and Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### **What an audit of financial statements involve**

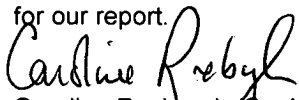
We conducted our audit in accordance with ISAs (UK and Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and financial statements for the year ended 31 December 2014 (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Caroline Roxburgh (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Edinburgh  
11 September 2015

## Gladedale Capital Limited

### Profit and loss account for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Turnover	2	2	-
Cost of sales		(1)	-
<b>Gross profit</b>		<b>1</b>	<b>-</b>
Administrative expenses		(162)	(174)
Other operating income		-	171
<b>Operating loss</b>	3	<b>(161)</b>	<b>(3)</b>
Finance income		-	1
<b>Loss on ordinary activities before tax</b>		<b>(161)</b>	<b>(2)</b>
Taxation on loss on ordinary activities	4	-	-
<b>Loss for the financial year</b>	10	<b>(161)</b>	<b>(2)</b>

All amounts relate to continuing activities.

There were no recognised gains or losses in either financial year other than the loss for the financial years as shown above.

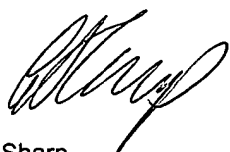
There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

# Gladedale Capital Limited

## Balance sheet as at 31 December 2014

	Note	2014 £'000	2013 £'000
<b>Current assets</b>			
Stock	5	60	61
Debtors	6	490	652
Cash at bank and in hand		2	2
		552	715
Creditors: amounts falling due within one year	7	(3)	(5)
<b>Net current assets</b>		<b>549</b>	<b>710</b>
<b>Net assets</b>		<b>549</b>	<b>710</b>
<b>Capital and reserves</b>			
Called up share capital	8	14,533	14,533
Share premium account	9	1,155	1,155
Profit and loss account	9	(15,139)	(14,978)
<b>Total shareholder's funds</b>	10	<b>549</b>	<b>710</b>

The financial statements on pages 6 to 12 were approved by the Board and authorised for issue on 11 September 2015.



G Sharp  
Director  
Gladedale Capital Limited  
Registered number: SC48050

# **Gladedale Capital Limited**

## **Notes to the financial statements for the year ended 31 December 2014**

### **1 Accounting policies**

#### **Basis of preparation**

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

#### **Cash flow statement**

The Company is a wholly owned subsidiary of Avant Homes Holdings Limited and is included in its consolidated financial statements which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1.

#### **Revenue recognition**

##### *Sale of land*

Revenue is recognised on land sales when contracts are exchanged and all material conditions of the contract have been met.

#### **Stock**

Raw materials and consumables stock, land for development, work in progress and part exchange properties are valued at the lower of cost and net realisable value.

Costs include materials, labour and overheads appropriate to the relevant stage of completion. Net realisable value is based on estimated selling prices less all further costs to completion and all relevant marketing and selling costs.

The Company's principal activity is commercial property development. Due to the nature of this activity, much of the development entered into by the Company is speculative in nature. Accordingly, at each year-end, the Company has in its balance sheet current assets that are not covered by a forward sale. At the year-end, the Company conducts a review of the net realisable value of its land and work in progress. This review is conducted on a site by site basis, using valuations which incorporate forecast sales rates and average selling prices that reflect both current and anticipated market conditions. In making these assessments, there is a degree of judgement and uncertainty due to the volatility and speculation that has surrounded the residential housing sector.

Where the estimated future net realisable value of the site is less than its current carrying value within the balance sheet, the Company impairs the land and work in progress value.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

# Gladedale Capital Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 1 Accounting policies (continued)

#### Going concern

The Company benefits from the support provided by a Group undertaking, Avant Homes Holdings Limited. Consequently, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

### 2 Turnover

Turnover represents amounts derived from the provision of goods and services which fall due within the Company's ordinary activities, after deduction of discounts and value added tax. The turnover and loss on ordinary activities before taxation, all of which arises in the United Kingdom, is attributable to the Company's principal activities of property dealing, property investment and development.

### 3 Operating loss

	2014	2013
Operating loss is arrived at after charging:	£'000	£'000
Write off rental deposit on assignment of operating lease	159	-

The Company did not have any employees during the year or prior year.

Certain directors are executives of intermediate parent companies, Gladedale Commercial Group Limited and Avant Homes Holdings Limited or both. It is not practicable to allocate their total remuneration between their services as executives of the Company and their services as directors of other Group companies. Details of the directors' remuneration can be found in the financial statements of the intermediate parent undertakings as appropriate.

Auditors' remuneration has been met by another Group entity.

## Gladedale Capital Limited

### Notes to the financial statements for the year ended 31 December 2014 (continued)

#### 4 Taxation on loss on ordinary activities

	2014	2013
	£'000	£'000
UK corporation tax		
UK corporation tax on loss of the year	-	-
Total current tax	-	-

The tax assessed for the year is higher (2013: higher) than the standard rate of corporation tax in the UK for the year ended 31 December 2014 of 21.5% (2013: 23.25%). The differences are explained below:

	2014	2013
	£'000	£'000
Loss on ordinary activities before tax	(161)	(2)
Loss on ordinary activities at the standard rate corporation tax in the UK of 21.5% (2013: 23.25%)	(35)	-
Effect of:		
Tax losses arising for which no deferred tax asset has been recognised	35	-
Current tax charge for the year	-	-

The 2013 Finance Act included legislation to reduce the main rate of corporation to 20% with effect from 1 April 2015. This change was substantially enacted by the balance sheet date and the unrecognised deferred tax asset is based on this reduced rate.

There is an unrecognised deferred tax asset of £514,000 (2013: £513,000) relating to unrelieved tax losses and £43,000 (2013: £43,000) relating to capital losses available to carry forward. The total unrecognised deferred tax asset of £557,000 (2013: £556,000) has not been provided for in the financial statements as the directors of the Company feel that it is unlikely that there will be sufficient taxable profits in the foreseeable future against which to recover the asset.

# Gladedale Capital Limited

## Notes to the financial statements for the year ended 31 December 2014 (continued)

### 5 Stock

	2014	2013
	£'000	£'000
Land held for development and work in progress	60	61

### 6 Debtors

	2014	2013
	£'000	£'000
Amounts owed by Group undertakings	490	652

Amounts owed by Group undertakings carry no interest or security and are repayable on demand.

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

	2014	2013
	£'000	£'000
Trade creditors	3	5

### 8 Called up share capital

	2014	2013
	£'000	£'000
Allotted, called up and fully paid:		
14,532,678 (2013: 14,532,678) ordinary shares of £1 each	14,533	14,533

### 9 Reserves

	Share premium account	Profit and loss account
	£'000	£'000
At 1 January 2014	1,155	(14,978)
Loss for the financial year	-	(161)
<b>At 31 December 2014</b>	<b>1,155</b>	<b>(15,139)</b>

## Gladedale Capital Limited

### Notes to the financial statements for the year ended 31 December 2014 (continued)

#### 10 Reconciliation of movements in total shareholders' funds

	2014	2013
	£'000	£'000
Loss for the financial year	(161)	(2)
Opening total shareholder's funds	710	712
Closing total shareholder's funds	549	710

#### 11 Contingent liabilities

On 12 December 2014, certain other Group members entered into cross guarantee and debenture instruments with Global Loan Agency Services Limited, GLAS Trust Corporation Limited and Bank of America Merrill Lynch guaranteeing and securing liability in relation to the Group's banking facilities. The Company was not an obligor under this arrangement, so the amount outstanding at 31 December 2014 was £nil (2013: Bank of Scotland £272,257,538).

#### 12 Related party transactions

The Company is a wholly owned subsidiary of Gladedale (Commercial) Limited. Avant Homes Holdings Limited an intermediate parent undertaking, has prepared consolidated financial statements for the year ended 31 December 2014 and therefore the Company has relied on the exemptions contained within FRS 8 in respect of the disclosure of related party transactions.

There are no other related party transactions that require disclosure in these financial statements.

#### 13 Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of Gladedale (Commercial) Limited.

The Directors consider the ultimate parent undertaking to be Avant S.à.r.l., a company registered in the Grand Duchy of Luxembourg. The Directors do not consider there to be any ultimate controlling party. Avant Acquisition Co Limited was the largest and Avant Homes Holdings Limited was the smallest group of which the Company was a member and for which consolidated financial statements are prepared. Copies of the financial statements of Avant Homes Holdings Limited are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.