Company Registration No. 08604765

ANNINGTON RENTALS (NO. 8) LIMITED

Annual Report and Financial Statements

For the year ended 31 March 2017

ANNINGTON RENTALS (NO. 8) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2017. The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption under the Companies Act 2006. A Strategic Report has not been prepared in accordance with the exemption entitled to small companies under s414 of the Companies Act 2006.

DIRECTORS

The directors who served throughout the year and to the date of this report were:

A P Chadd

J C Hopkins

A R J Needham

N P Vaughan

Qualifying third party indemnity provisions were in place for all directors of the Company for the current and preceding year.

DIVIDENDS

No dividends have been paid or proposed during the year (2016: £nil).

PRINCIPAL ACTIVITIES

The Company is a subsidiary of Annington Rentals (Holdings) Limited, which is part of the Annington Limited Group. Annington Rentals (Holdings) Limited and its subsidiaries were established with the purpose of creating a series of residential investment portfolios. These portfolios are held with a view to achieving long term capital growth whilst generating sufficient short term rental income to cover operating costs. The Company continues to look for opportunities to maximise returns through planned acquisitions and strategic sales.

FUTURE DEVELOPMENTS

Future developments and other factors not under the control of the Company may impact on the ongoing operations of the business, however, the directors expect the business to continue, for the foreseeable future, in a manner consistent with its historical operations.

FINANCIAL RISK MANAGEMENT

The Company has no external debt and is funded by another group company. Please refer to Note 2 to the financial statements regarding this funding arrangement.

GOING CONCERN

The Company has no external debt and is able to draw funds via a loan from Annington Rentals (Holdings) Limited that is, since July 2017, ultimately funded by Annington Funding plc ("AFP"). In early July 2017, AFP issued five tranches of corporate, unsecured bonds totalling £3 billion and drew down a term loan totalling £400 million, also unsecured. A £300 million five-year revolving credit facility has been made available to AFP, which is currently undrawn. The Group's forecasts do not indicate any of the covenants associated with the new debt will be breached in the foreseeable future.

After making enquiries and having assessed the responses of the directors of the Company's parent Annington Rentals (Holdings) Limited to their enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual report and financial statements.

DIRECTORS' REPORT (continued)

AUDITOR

Each of the persons who is a director at the date of approval of this annual 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 ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

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

A P Chadd
Director
6 October 2017

REGISTERED OFFICE
1 James Street
London, United Kingdom
W1U 1DR

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ANNINGTON RENTALS (NO. 8) LIMITED

We have audited the financial statements of Annington Rentals (No. 8) Limited for the year ended 31 March 2017 which comprise the income statement, balance sheet, statement of changes in equity and the related notes 1 to 16. 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), including FRS 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 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.

Opinion on other matter 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 Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ANNINGTON RENTALS (NO. 8) LIMITED (continued)

Matters on which we are required to report by exception

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

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

DPLaurent

Diane Petit-Laurent ACA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London
United Kingdom
6 October 2017

INCOME STATEMENT
For the year ended 31 March 2017

	Note	2017 £	2016 £
Property rental income	4	1,514,782	991,619
Property operating expenses		(184,936)	(157,162)
Net rental income	4	1,329,846	834,457
Unrealised property revaluation gains	8	897,897	2,457,000
Operating profit	5	2,227,743	3,291,457
Finance costs	6	(2,206,412)	(1,322,166)
Profit before taxation		21,331	1,969,291
Taxation	7	(2,786,933)	(154,205)
(Loss)/profit for the year after taxation		(2,765,602)	1,815,086
(Loss)/profit attributable to shareholder		(2,765,602)	1,815,086

There were no items of other comprehensive income or expense and therefore the loss for the year reflects the Company's total comprehensive loss.

BALANCE SHEET
At 31 March 2017

	Note	2017 £	2016 £
Non-current assets			
Investment properties	8	51,284,110	22,802,000
Current assets			
Receivables	9	675	2,193
Total assets		51,284,785	22,804,193
Current liabilities			
Trade payables	10	(5,531)	(7,500)
Net current liabilities		(4,856)	(5,307)
Total assets less current liabilities		51,279,254	22,796,693
Non-current liabilities			
Loans and borrowings	11	(45,818,382)	(17,357,152)
Deferred tax	7	(5,617,721)	(2,830,788)
		(51,436,103)	(20,187,940)
Total liabilities		(51,441,634)	(20,195,440)
Net (liabilities)/assets		(156,849)	2,608,753
Capital and reserves			
Share capital	12	1	1
Retained earnings	13	(156,850)	2,608,752
Total (deficit)/equity		(156,849)	2,608,753

The accompanying notes (1 to 16) should be read in conjunction with these financial statements.

The financial statements of Annington Rentals (No. 8) Limited, registered number 08604765, were approved by the Board of Directors and authorised for issue on 6 October 2017.

Signed on behalf of the Board of Directors

A P Chadd
Director

STATEMENT OF CHANGES IN EQUITY
For year ended 31 March 2017

	Share capital £	Retained earnings £	Total equity £
At 1 April 2015	1	793,666	793,667
Profit attributable to shareholder, being total comprehensive income for the year	-	1,815,086	1,815,086
Balance at 31 March 2016	1	2,608,752	2,608,753
Loss attributable to shareholder, being total comprehensive income for the year	-	(2,765,602)	(2,765,602)
Balance at 31 March 2017	1	(156,850)	(156,849)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017

1. CORPORATE INFORMATION

Annington Rentals (No. 8) Limited ("the Company") is a company incorporated in the United Kingdom under the Companies Act. The Company is a private company limited by shares and is registered in England and Wales. The address of its registered office is 1 James Street, London W1U 1DR. Information on the Company's ultimate parent is presented in Note 16.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"), and with the Companies Act 2006.

For the year ended 31 March 2016, the Company prepared its financial statements in accordance with the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ("FRS 102"). These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with FRS 101. There were no adjustments on transition.

The financial statements are presented in pound sterling (£). They have been prepared under the historical cost basis except for the modification to a fair value basis for property assets.

Exemptions for qualifying entities under FRS 101

FRS 101 permits a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been applied by the Company. Therefore these financial statements do not include:

- certain comparative information as otherwise required by EU-adopted International Financial Reporting Standards, including an opening Statement of Financial Position;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- certain disclosures in respect of financial instruments;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with wholly-owned members of the Group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Annington Limited, which are publicly available.

Going concern

The Company has no external debt and is able to draw funds via a loan from Annington Rentals (Holdings) Limited that is, since July 2017, ultimately funded by Annington Funding plc ("AFP"). In early July 2017, AFP issued five tranches of corporate, unsecured bonds totalling £3 billion and drew down a term loan totalling £400 million, also unsecured. A £300 million five-year revolving credit facility has been made available to AFP, which is currently undrawn. The Group's forecasts do not indicate any of the covenants associated with the new debt will be breached in the foreseeable future.

After making enquiries and having assessed the responses of the directors of the Company's parent Annington Rentals (Holdings) Limited to their enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual report and financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017 (continued)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting judgements and estimates

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom be exactly the same as the related actual results.

Property asset valuation

The property portfolio, which is carried in the balance sheet at fair value, is valued annually by professionally qualified external valuers. The valuation of the property asset portfolio is inherently subjective as it utilises, among other factors, comparable sales data and the expected future rental revenues. The valuer exercises professional judgement when determining what market observations are used in the assessment of fair value. If any assumptions made in the valuation prove to be inaccurate, this may mean that the value of the property asset portfolio differs from the valuation, which could have a material effect on the financial position of the Company. Property valuations are one of the principal uncertainties of the Company.

Information about the valuation techniques and inputs used in determining the fair value of property assets is disclosed in Note 9.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors received no emoluments for their services to the Company in the current or preceding year.

The Company had no employees of its own during the year (2016: none). The cost of performing work for the Company is borne by another group company, Annington Management Limited.

4. PROPERTY AND NET RENTAL INCOME

ACCOUNTING POLICY

Property rental income - Revenue recognition

Rental income from property assets is accounted for on an accruals basis and recognised on a straight line basis over the operating lease term. Rent increases arising from rent reviews not able to be determined at the outset of the lease are taken into account when such reviews have been settled with the tenants. Lease incentives and costs associated with entering into tenant leases are amortised over the lease term.

	2017	2016
	£	£
Property rental income	1,514,782	991,619

Net rental income

Net rental income comprises property rental income less property operating expenses. Property operating expenses are expensed as incurred and property operating expenditure not recovered from tenants is charged to the income statement.

The Company generates substantially all net rental income, profits before taxation and net assets from residential property investment in England and Wales.

5. OPERATING PROFIT

ACCOUNTING POLICY

Operating profit is stated before finance income and finance costs.

The auditor's remuneration was £5,900 (2016: £6,200) for the audit of the Company's annual financial statements and was borne by another group company in the current and preceding year.

In accordance with SI 2008/489 the Company has not disclosed the fees payable to the Company's auditor for 'Other services' as this information is included in the consolidated financial statements of Annington Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017 (continued)

6. FINANCE COSTS

ACCOUNTING POLICY

Finance costs, including any transaction costs, are charged to the income statement using the effective interest rate method.

	2017 £	2016 £
Interest payable on intercompany balances	2,206,412	1,322,166

7. TAXATION

ACCOUNTING POLICY

The taxation expense for the year comprises current and deferred tax. Tax is recognised in the income statement.

Current tax

Current tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Taxable profit differs from profit before tax as reported in the income statement because it excludes some items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets and deferred tax liabilities are offset only if:

- the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously.

	2017 £	2016 £
Current tax		
United Kingdom corporation tax at 20% (2016: 20%)	-	-
Deferred tax		
Deferred taxation: origination and reversal of temporary differences	2,944,199	421,863
Effect of change in tax rate	(157,266)	(267,658)
Total deferred tax	2,786,933	154,205
Total taxation for the year	2,786,933	154,205

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017 (continued)

7. TAXATION (continued)

The standard rate of current tax for the year, based on the UK standard rate of corporation tax is 20% (2016: 20%). The tax for the year and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation:

	2017 £	2016 £
Profit before taxation	21,331	1,969,291
Tax on profit at the standard rate	4,266	393,858
Factors affecting the current tax for the year:		
Expenses not deductible for tax	268,374	99,706
Group relief claimed	(93,061)	(2,165)
Effect of capital expenditure	3,668,935	-
Change in tax rate	(157,266)	(267,658)
Effect of tax rate differential between current and deferred tax	(26,936)	(49,140)
Effect of indexation	(877,378)	(20,396)
Taxation expense for the year	2,786,933	154,205

From 1 April 2016, the headline rate of corporation tax was 20%. It will be reduced to 19% from 1 April 2017, and further reduced to 17% from 1 April 2020, with these rates substantively enacted at the current balance sheet date.

Deferred tax

The movement in deferred tax is as set out below:

	2017 £	2016 £
At 1 April	2,830,788	2,676,583
Charge to profit or loss	2,944,199	421,863
Effect of change in tax rate	(157,266)	(267,658)
At 31 March	5,617,721	2,830,788

Deferred tax balance relates to temporary differences between the tax base and the carrying value of property assets. Deferred tax balances at 31 March 2017 are measured at 17% (2016: 18%).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017 (continued)

8. PROPERTY ASSETS

ACCOUNTING POLICY

Property assets comprise investment properties and investment properties held for sale.

Investment properties comprise property that is held to earn rentals or for capital appreciation or both. Investment properties are measured initially at cost, including transaction costs. Transaction costs include transfer taxes and other professional fees. Subsequent to initial recognition, investment properties are recognised at fair value at balance sheet date. This is determined annually by professionally qualified external valuers on a portfolio basis such that individual property calculations are not performed. Changes in fair value are included in the income statement for the period in which they arise. No depreciation is provided in respect of investment properties.

Where specific investment properties are expected to sell within the next 12 months, their fair value is classified as held for sale within current assets.

Investment properties are transferred to investment properties held for sale if their carrying amount is intended to be recovered through a sales transaction rather than continuing use. This condition is regarded as met if the sale is highly probable, the property is available for immediate sale in its present condition, the property is being actively marketed, and management is committed to the sale, which is expected to qualify as a completed sale within 12 months from the date of classification.

Investment properties held for sale continue to be measured in accordance with the accounting policy for investment properties.

	Investment properties £
2017	
Valuation	
Fair value at 1 April	22,802,000
Additions - capital expenditure	27,584,213
Unrealised property revaluation gains	897,897
Total fair value at 31 March	51,284,110

Properties would have been included on an historical cost basis at £43,241,259 (2016: £15,657,046).

	2017 £	2016 £
The net book value of investment properties and investment properties held for sale comprises:		
Freehold	51,284,110	22,802,000
	51,284,110	22,802,000

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017 (continued)

8. PROPERTY ASSETS (continued)

All of the Company's property assets generated rental income in the current and prior year.

Allsop LLP ("Allsop") has prepared a market valuation of the property assets in alignment with the requirements of IFRS 13, *Fair Value Measurement*. This is a 'Regulated Purpose Valuation'. Allsop has provided annual valuations of the portfolio since 1999.

The valuer's opinion was derived on a portfolio basis, primarily using comparable recent market transactions on arm's length terms. The valuation was carried out by an independent valuer in accordance with the requirements of the RICS Valuation Standards (sixth edition, as subsequently amended), except where it is not, in practical terms, feasible to comply due to the large number of properties involved. Allsop has confirmed that in relation to their most recent financial year, the proportion of their total fee income arising from the Company was less than 5%, which may be regarded as minimal.

A vacant possession market comparison valuation technique has been applied to investment properties. The valuer was given a representative sample of properties under assured shorthold and other bulk tenancies to value thus ensuring the whole portfolio is externally valued every five years. The valuer was instructed to value such similar properties. The valuation of these properties was then extrapolated to provide the movement for the whole short-term rentals portfolio. The basis of the extrapolation technique is the movement of the market value of the externally sampled properties, blended with recent comparable vacant possession values split by geographic region. Where no such evidence is available, due to the lack of recent comparable transactions, the value has been determined with consideration for the relevant Halifax and Nationwide regional indices and historical performance in relation to these indices in the current period.

Assumptions and valuation models used by the valuers are typically market related, such as yield and discount rates. These are based on their professional judgement and market observation.

The fair value measurement hierarchy level for all property assets as at 31 March 2017 was Level 3 significant unobservable inputs (2016: Level 3). There were no transfers between the levels of the fair value hierarchy during the current or prior year.

This fair value measurement hierarchy level is specified in accordance with IFRS 13 'Fair Value Measurement'. The levels are defined below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Property asset valuations are inherently subjective, depending on many factors, including property location, expected future net rental value, market yields and comparable. In valuing the properties, the following assumption have been adopted and incorporated into the valuation model.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017 (continued)

8. PROPERTY ASSETS (continued)

2017	Fair value £	Unobservable inputs	Range
Assured shorthold & other bulk tenancies			
Fair value	51,284,110		
Valuation technique		Vacant possession market comparison	
		Blended HPI (%)	1.1% - 7.6%
		Rental (premium)/discount rates (%)	(2.5)% - 12.5%
Fair value at 31 March 2017	51,284,110		

2016	Fair value £	Unobservable inputs	Range
Assured shorthold & other bulk tenancies			
Fair value	22,802,000		
Valuation technique		Vacant possession market comparison	
		Blended HPI (%)	2.3% - 13.9%
		Rental (premium)/discount rates (%)	(2.5)% - 12.5%
Fair value at 31 March 2016	22,802,000		

All other factors remaining constant, the valuation would increase with an increase in blended HPI, while increases in discount rates would result in a fall in the valuation and vice versa. There are interrelationships between unobservable inputs as they are determined by market conditions, and so the valuation movement in any one period depends on the balance between them. If these inputs move in opposite directions, (e.g. blended HPI increases and discount rates decrease), valuation movements can be amplified whereas if they move in the same direction they may offset reducing the overall net valuation movement.

Operating lease arrangements

At 31 March 2017, the Company had contracted with tenants for the following future minimum lease payments:

	2017 £	2016 £
Within one year	1,502,304	113,328
In two to five years	5,522,400	-
After five years	33,471,039	-
	40,495,743	113,328

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017 (continued)

9. RECEIVABLES

ACCOUNTING POLICY

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less any impairment.

	2017	2016
	£	£
Amounts falling due within one year		
Sundry receivables	290	920
Prepayments	385	1,273
	675	2,193

The carrying value of receivables approximates the fair value.

10. TRADE PAYABLES

ACCOUNTING POLICY

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

	2017	2016
	£	£
Trade payables	5,531	7,500

The carrying value of trade and other payables approximates the fair value.

11. LOANS AND BORROWINGS

ACCOUNTING POLICY

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method, such that discounts and costs are charged to the income statement over the term of the borrowing at a constant return on the carrying amount of the liability. The debt and associated accrued interest is classified as current and non-current based on the contractual payments required within 12 months of the balance sheet date.

	2017	2016
	£	£
Amounts due between one and five years		
Amounts due to group undertakings	45,818,382	17,357,152

Amounts due to group undertakings are unsecured, interest bearing at 8.02% (2016: 8.02%) and have a fixed repayment date of 31 March 2020 (2016: 31 March 2020).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2017 (continued)

12. SHARE CAPITAL

	2017	2016
	£	£
Authorised, issued and fully paid		
1 ordinary shares of £1	1	1

1 ordinary share of £1 was issued at par on incorporation.

13. RETAINED EARNINGS

Retained earnings include all current and prior year retained profits and losses. The components of this are:

	2017	2016
	£	£
Distributable earnings	(5,413,743)	(1,705,414)
Non-distributable earnings	5,256,893	4,314,166
	(156,850)	2,608,752

14. SUBSIDIARY AND RELATED UNDERTAKING

ACCOUNTING POLICY

Investment in subsidiary companies are carried at historical cost less provision for impairment based upon an assessment of the net recoverable amount of each investment. To the extent that the assessment of recoverable amount improves due to change in economic conditions, impairment provisions are reversed.

Name of subsidiary undertaking	Holding
Waterbeach (Abbey Place) Residents Company	99%

This investment was written off at acquisition as the Company has assessed the recoverable amount to be £nil.

15. RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary within the Annington Limited Group and is included in the consolidated financial statements of Annington Limited. The Company has taken advantage of the exemption provided by paragraph 8(k) of FRS 101 not to make disclosure of transactions with other wholly-owned entities that are part of the same group.

16. CONTROLLING PARTY

Annington Rentals (Holdings) Limited, a company incorporated in the United Kingdom, is the immediate parent company.

The directors regard Terra Firma Holdings Limited, a company registered in Guernsey, as the ultimate parent entity. The ultimate controlling party is Guy Hands.

Annington Limited is the parent company of the largest and smallest group of which the Company is a member and for which group financial statements are drawn up. The annual report and financial statements for Annington Limited are available on request from the registered office at 1 James Street, London W1U 1DR.